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Monday,
7th December, 1953

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

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THE
PARLIAMENTARY DEBATES
(Part I—Questions and Answers)
OFFICIAL REPORT

HOUSE OF THE PEOPLE

Monday, 7th December, 1953

The House met at Half Past One of the Clock.

[MR. SPEAKER *in the Chair.*]

ORAL ANSWERS TO QUESTIONS

EXPORT OF COTTON TEXTILES

***644. Shri S. N. Das:** Will the Minister of **Commerce and Industry** be pleased to refer to the answers given to supplementary questions on starred question No. 1050 on the 28th March 1953 and state how far the export target of one thousand million yards of cotton textiles mentioned by the Minister is likely to be reached this year?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The total exports up to the end of October this year have been 555 million yards. What the figure will be for the whole year is at the moment in the realms of conjecture.

Shri S. N. Das: May I know whether, and if so to what extent, the trade has been able to act according to the suggestions made by Government regarding the methods of approach to meet foreign requirements?

Shri T. T. Krishnamachari: All Government proposals in this regard are still in the stage of formulation.

Shri S. N. Das: May I know what progress has been made with regard to the proposal of having an institution for quality control with regard to textiles?

Shri T. T. Krishnamachari: The question of instituting export quality control is also under discussion.

Shri S. N. Das: May I know whether the Textile Export Promotion Committee which has been recently appointed has made any suggestions?

Shri T. T. Krishnamachari: We have not yet set up an Export Promotion Committee. We propose to constitute one.

Shri Raghavachari: May I know what portion of it is handloom cloth? —I am referring to the exports.

Shri T. T. Krishnamachari: Very roughly, about 10 per cent.

COMMUNITY PROJECTS (DELHI STATE)

***645. Sardar Hukam Singh:** Will the Minister of **Planning** be pleased to state what amount has been spent on the Community Project in Delhi State, during the one year after its inauguration?

The Deputy Minister of Irrigation and Power (Shri Hathi): Rs. 51,516.

Sardar Hukam Singh: What was the reason why out of Rs. 7 lakhs sanctioned for the year, only these few thousands could be spent?

Shri Hathi: The amount sanctioned was not actually Rs. 7 lakhs; the total amount sanctioned for the three years was Rs. 17 lakhs.

Sardar Hukam Singh: I am referring to the Rs. 7 lakhs for the first year that has almost expired. Out of this, only these few thousands could be spent. I want to know why.

Shri Hathi: The real difficulty with this project was that there was delay in the sanctioning of the Budget. The officer was not appointed. There were several initial difficulties also. The village workers were not available. This was one of the projects which did not work well. The House might remember that during the last session it was stated that about 10 per cent. of the projects were not working well. This was one of them. Subsequently, it has recouped and is working well.

Sardar Hukam Singh: May I know whether the workers that were sent to Nilokheri for training have taken up the work?

Shri Hathi: They have taken it up only in September this year.

PROGRAMME ADVISORY COMMITTEE, A. I. R.

***646. Sardar Hukam Singh:** Will the Minister of **Information and Broadcasting** be pleased to state what considerations weighed with the appointing authority in making the selections for the Programme Advisory Committee for the Delhi Station of A.I.R.

The Minister of Information and Broadcasting (Dr. Keskar): The members are generally selected for their interest in broadcasting and their ability to offer useful suggestions for the improvement of various types of programmes broadcast by the station.

Sardar Hukam Singh: May I know whether any representation for languages and dialects is also given when selection is made?

Dr. Keskar: No, Sir. As I said, the selection is on the basis of usefulness in suggesting improvements in programmes. It is not a committee in which sectional representation or representation on the basis of region, or languages or dialects is given.

Sardar Hukam Singh: During 1953, may I know the number of cases where their advice was not accepted by the A.I.R.?

Dr. Keskar: My hon. friend is labouring under a mis-apprehension as to the object and the function of this advisory body. They meet once or twice or thrice in the year and make suggestions or certain changes in the schedules of programmes which are put up to them. They do not function permanently, in the sense that members can make whatever suggestions they like and these have to be accepted.

Shri Muniswamy: May I know whether government officers of the States can also be members of this advisory body?

Dr. Keskar: They cannot be full-fledged members, but sometimes some government officers are associated with the rural advisory committees, but on this programme advisory committee there is no government officer.

Shrimati A. Kale: May I know the names of the members of the committee and the terms for which they are appointed?

Dr. Keskar: I would require notice for that, because there are thirty of them.

FILMS FOR CHILDREN

***647. Dr. Ram Subhag Singh:** Will the Minister of **Information and Broadcasting** be pleased to state whether Government propose to produce special films for children?

The Minister of Information and Broadcasting (Dr. Keskar): Yes, Sir; it is proposed to produce two full-length films for children as an experimental measure; it is also proposed to adopt about half a dozen documentary films to meet the needs of children.

Dr. Ram Subhag Singh: Has any attempt been made to produce films from the kindergarten stage that would be suitable to the needs of children?

Dr. Keskar: This is only a proposal. All these things will be taken into consideration in detail at the stage of production.

Dr. Ram Subhag Singh: Do Government propose to exempt from entertainment tax the films which will be made for children?

Mr. Speaker: I think entertainment tax is a State subject.

सेठ गोविन्द दास : बच्चों के यह जो फ़िल्म बनेगें यह किन किन भाषाओं में बनेगें ?

डा० केसकर : इस पर अभी कोई निश्चय नहीं हुआ है, लेकिन अधिक से अधिक भाषाओं में बनाने का प्रयत्न किया जायेगा ।

Sardar A. S. Saigal: Has any producing company offered to produce special films for children?

Dr. Keskar: No formal offer has been made by any company. One producer in Bengal has produced a film meant for children. That is the only thing that has come to our notice.

KASHMIR EMPORIUM

*648. **Shri V. P. Nayar:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether a sum of rupees five lakhs has been advanced to an institution in Delhi for the promotion of the business activities of the Kashmir Emporium in Prithviraj Road, New Delhi?

(b) Who are the members of the governing body of the institution?

(c) Was the amount advanced on any representation made by the institution?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) No, Sir.

(b) and (c). Do not arise.

PASSPORTS TO EMIGRANTS

*649. **Shri V. P. Nayar:** Will the **Prime Minister** be pleased to state:

(a) whether any enquiry has been made by the Special Police Establishment about certain allegations regarding bad practices in the Chief Commissioner's Office, Delhi in the matter of issue of passports to emigrants from India; and

(b) if so, whether the enquiry has been completed?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). Certain allegations against the working of the passport section of the Delhi State Government were brought to the notice of the Government of India and the Special Police Establishment were asked to investigate. In due course they reported that no convincing evidence was forthcoming to prove the allegations and that it was, therefore, not possible to take legal action in the matter.

Shri V. P. Nayar: May I know whether the attention of Government has been drawn to the several press reports which appeared in the *Hindustan Times*, *Times of India*, *Evening News*, *Pratap* and other papers about racketeering in passports and also the issue of fake passports from the Office of the Chief Commissioner, Delhi?

Shri Sadath Ali Khan: Those have nothing to do with this person.

Shri V. P. Nayar: Are Government aware that on the complaint by the Punjab Government the Central C.I.D. detained a plane at Palam and investigated the case, upon which the investigating S.P. asked the Central Government for permission to proceed with the case?

Shri Sadath Ali Khan: I have no information.

Shri V. P. Nayar: May I know whether it is not a fact that the Chief Commissioner of Delhi used personal pressure to drop the proceedings?

Shri Sadath Ali Khan: No, Sir. It is not true.

Shri Punnoose: It was said that some complaints were received by Government. May I know the nature of the complaints?

Shri Sadath Ali Khan: Against this particular person there was a complaint, but it could not be proved. So the matter was dropped.

Shri V. P. Nayar: Last time there was a similar question, the Prime Minister himself stated that he had no idea about such complaints. That is why this question has been put. So, I may be permitted to ask another question: is it not a fact that certain officers of the External Affairs Ministry had been interrogated by the Punjab Police in this matter? I could name the officers even.

Mr. Speaker: Not necessary.

The Prime Minister (Shri Jawaharlal Nehru): I have got the report of the enquiry about this particular matter. In the course of the enquiry, of course, some of our officers were also examined. I do not quite know what the hon. Member is driving at. Because the External Affairs Ministry is finally reponsible for the issue of passport and all matters relating to passports are naturally referred to them, therefore, in the course of the enquiry, some of them were interrogated.

Shri V. P. Nayar: What I wanted to know was.. (*Interruption.*)

Mr. Speaker: I would suggest that if he wishes to make any enquiries in respect of the names of individual officers, he may do so separately.

Shri V. P. Nayar: What I wanted to know was whether the Government of India proceeded with the investigation at the request of the Punjab Government.

Shri Jawaharlal Nehru: I cannot say.

KHADI VIDYALAYA AT NASIK

***650. Shri S. N. Mishra:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether Government have examined the scheme prepared by the Khadi Board for the opening of a *Vidyalaya* (Institution) at Nasik to train the general public in the art of spinning; and

(b) the total cost involved?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Yes, Sir.

(b) Rs. 1,44,920.

Shri S. N. Mishra: May I know, Sir, what will be the training capacity of this institution?

Shri T. T. Krishnamachari: About two hundred.

Shri S. N. Mishra: May I know in what way Government think that such an institution is necessary and it would be useful for the development of khadi?

Shri T. T. Krishnamachari: The proposal was put by the Board that for the purpose of imparting training in spinning to the public and to ensure increase in production touring instructors and suitable workers were necessary. It is on the basis of that recommendation that this expenditure was sanctioned.

Shri S. N. Mishra: In regard to the location, have Government made up their mind that it should be located at Nasik or elsewhere?

Shri T. T. Krishnamachari: That is the idea, Sir, at the present moment. This particular scheme is based on the institution being located at Nasik.

HANDLOOM INDUSTRY

***654. Shri K. P. Sinha:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether it is a fact that the Handloom Industry is facing difficulties as there are large stocks of finished goods lying with the Industry?

(b) Have Government received the recommendations made by the All-India Handloom Board, at its meeting in the month of August last?

(c) If so, what has been the result?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Government are aware that the handloom industry is periodically faced with difficulties arising out of accumulation of stocks.

(b) Yes, Sir.

(c) A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 53].

Shri K. P. Sinha: May I know, Sir, what steps are being taken by Government to resuscitate the internal market and expand the external market?

Shri T. T. Krishnamachari: This is a matter which is being dealt with by the All-India Handloom Board. The statement gives the resolution of the Board and the action taken by Government on the recommendations.

Shri K. P. Sinha: May I know, Sir, whether schemes of handloom industry have been brought into operation in community project areas?

Shri T. T. Krishnamachari: I am afraid I have to ask for notice.

CENTRAL COTTAGE INDUSTRIES EXPERIMENTAL UNIT

*655. { **Ch. Raghubir Singh:**
Shri Snatak:

Will the Minister of **Commerce and Industry** be pleased to state whether Government have disposed of the machinery and other equipments of and the building occupied by the Central Cotton Industries Experimental Unit at Hardua Gunj (Aligarh)?

The Minister of Commerce (Shri Karmarkar): Not completely. Some machinery of the book value of Rs. 40,000 remains still undisposed of at Harduaganj.

Ch. Raghubir Singh: May I know the reason for the delay?

Shri Karmarkar: We made an offer to the Governments and private parties. But they did not take further steps to buy. Therefore, there has been this delay.

FORWARD MARKETS COMMISSION

***656. Sardar Hukam Singh:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the Forward Markets Commission has started functioning by now; and

(b) whether the personnel for the commission under the Forward Contracts (Regulation) Act, 1952 have been appointed?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). Yes, Sir.

Sardar Hukam Singh: May I know how many of the members of this Commission have been appointed?

Shri T. T. Krishnamachari: So far only two members have been appointed.

INDONESIA

*657. **Shri Punnoose:** (a) Will the **Prime Minister** be pleased to state whether it is a fact that three Indian nationals were shot dead in 1948 by Dutch Paratroopers at Djambi, Indonesia?

(b) Is it a fact that at the instance of the Government of India, the Netherlands Government agreed to pay compensation to the heirs and successors in India of one of the deceased. Mr. Ibrahim Hadji?

(c) If so, what is the amount of compensation agreed to by the Netherlands Government and has this been paid to the wives and daughters of Mr. Ibrahim Hadji?

(d) If not paid, what are the reasons for the delay?

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): (a) Yes.

(b) The Netherlands Government agreed to pay compensation to the widow and daughters of Kollan Taramal Ibrahim Hadji.

(c) A statement is placed on the Table of the House on this subject. [*See* Appendix III, annexure No. 54.]

(d) Does not arise, in view of (c) above.

Shri Punnoose: The Indonesian Government agreed to pay the amount at the exchange rate of one Indonesian Rupiah=Indian rupees Rs. 1/4/-, but payments are actually made at the new exchange rate of Indonesian Rupiah 3= Indian Rupees Rs. 1/4. May I point out this is unjust and doing harm to the family of the deceased?

Shri Jawaharlal Nehru: I really appreciate it; we have been pressing for paying at the old rate of exchange.

ARRESTS UNDER INDIAN EMIGRATION ACT

*658. **Shri Muniswamy:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that several persons were arrested in the coastal districts in Madras State during the month of September, 1953 under the Indian Emigration Act;

(b) if so, the nature of the offences committed; and

(c) whether such offences have now been completely put down?

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): (a) Yes, Sir. The number of persons arrested was 306.

(b) The persons arrested were emigrating or assisting others to emigrate illicitly to Ceylon in contravention of Section 30(A) of the Indian Emigration Act.

(c) All possible measures are being taken to prevent such offences and their volume has appreciably decreased, but these have not yet been completely eradicated.

Shri Muniswamy: May I know, Sir, whether it is a fact that Ceylon employers of labour and their agents are responsible for these offences?

Shri Jawaharlal Nehru: They perhaps encourage it. I cannot give any facts about it.

Shri Muniswamy: May I know whether Government's attention has been drawn to the fact that some of the Indians who are permanent residents of Ceylon have been arrested under the pretext that they are illicit emigrants?

Shri Jawaharlal Nehru: This is a matter which has been dealt with repeatedly here in answer to questions. The matter has been taken up by the Government of India and there has been a great deal of correspondence with the Ceylon Government on the subject.

PLANNING COMMISSION ADVISORY BOARD

*659. **Shri S. N. Mishra:** Will the Minister of **Planning** be pleased to state:

(a) whether the Planning Commission Advisory Board is still continuing;

(b) the precise advisory function for which it was constituted; and

(c) the number of times it has met each year, since its constitution?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes.

(b) The Advisory Board advises the Planning Commission generally on broad policy matters relating to the formulation of the Plan.

(c) The Advisory Board has met once a year from 1950 to 1952.

Shri S. N. Mishra: May I know, Sir, whether the Board which was constituted, as the Minister said, for the formulation of the Plan, is also considered an appropriate advisory body for the implementation of the Plan?

Shri Hathi: In reply to part (c) of the question I said it has met once a year in 1950, 1951 and 1952 in the initial states during the formulation of the Plan. The Report of the Commission was submitted in December 1952.

It advises on general policy and broad principles.

Shri Jawaharlal Nehru: May I intervene, Sir? It is not a suitable Board for implementation.

Shri S. N. Mishra: Then, what is the meaning in saying that the Board is still continuing?

Shri Jawaharlal Nehru: Because the process of planning is still continuing.

Shri S. N. Mishra: May we know, then, whether it would be functioning for the second Five Year Plan also—for the formulation of it?

Shri Jawaharlal Nehru: Some board or other will certainly function—this Board or an enlarged Board. Undoubtedly greatest care will be taken to get advice from others also on this matter.

Shri S. N. Mishra: So, till the beginning of the second Five Year Plan, would this Board be considered defunct?

Shri Jawaharlal Nehru: No, Sir, it is not a question of the second Five Year Plan. Even the present Five Year Plan is undergoing modification all the time.

Shri S. N. Mishra: But, Sir, for the revision of this Plan, this Board does not seem to have met even once.

Shri Jawaharlal Nehru: The hon. member is putting forward contradictory arguments: one is that this Board is not necessary the other is it is necessary, but it does not do anything. It is a wrong argument to advance. Here is a body which is there, which performs certain functions. It is not a continuing function all the time, but when necessity arises it meets, rather rarely,—it is not a body which meets frequently. It may be that the body is not of such use as the hon. Member wants it to be; or, he wants some other body.

AMENDMENT TO D. V. C. ACT

***660. Shri B. K. Das:** Will the Minister of **Irrigation and Power** be pleased to state whether any amendments to the Damodar Valley Corporation Act are contemplated and if so, on what lines?

The Deputy Minister of Irrigation and Power (Shri Hathi): The D.V.C. Committee have recommended certain amendments to the D.V.C. Act. These are under consideration of Government. The decisions when reached will be laid on the Table of the House along with the decisions on the other recommendations made by the Committee.

Shri B. K. Das: May I know whether these amendments were discussed in the Inter-State Conference that was held in September last?

Shri Hathi: Yes, Sir, they were discussed.

Shri B. K. Das: Do I understand that the recommendations of the Rao Committee are under the consideration of the Government?

Shri Hathi: The recommendations of the Rao Committee are under consideration of Government.

Shri S. N. Das: May I know whether the opinion of the Damodar Valley Corporation has been taken with regard to the amendments proposed?

Shri Hathi: Yes, Sir.

Shri H. N. Mukerjee: In view of the differnce between the Rao Committee's recommendations and the recommendations of our Estimates Committee over the question of full parliamentary control on river valley schemes, can we have some idea of Government's views in regard to this matter?

Shri Hathi: Sir, this relates to the amendment of the D.V.C. Act, and so far as that is concerned the Inter-State Conference has considered those aspects.

Shri S. N. Das: What are the reactions of the Damodar Valley Corporation authorities to the proposed amendment?

Shri Hathi: Sir, this is under consideration yet.

Shri T. K. Chaudhuri: May I know if the views of the State Governments who are directly concerned with the administration of the D.V.C. have been taken?

Shri Hathi: Yes, Sir, there was an Inter-State Conference at which the representatives of the Bihar and West Bengal Governments were present and their views were considered.

Shri Sarangadhar Das: May I know if the Minister proposes to lay the report of the Rao Committee on the table of the House and, if so, when?

Shri Hathi: After the recommendations of the Committee have been considered by Government it will be laid on the table of the House.

OFFICE 'K' BLOCK CASE

*661. **Shri Ajit Singh:** Will the Minister of **Works, Housing and Supply** be pleased to refer to the answer to unstarred question No. 356 on the 8th July, 1952 regarding 'K' Block case of Central Public Works Department, and state whether the Contractor has been finally paid?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): No, Sir.

Shri Ajit Singh: May I know whether the contractor has filed a civil suit for the recovery of the dues?

Sardar Swaran Singh: I have no information.

Shri Ajit Singh: May I know whether it is a fact that the contractor was already over-paid?

Sardar Swaran Singh: If he has already been over-paid then there is no question of his filing a civil suit.

Mr. Speaker: Then the question will be what steps are being taken to recover the excess payment.

Sardar Swaran Singh: We have not filed any suit against him for any recovery.

Shri Ajit Singh: What is the amount of the final bill and the amount of the contract agreement?

Sardar Swaran Singh: If they were finalised, there will be no difficulty in finalising payment also. That matter is under consideration.

ENGINEERING DIPLOMAS

*662. **Shri Ajit Singh:** Will the Minister of **Works, Housing and Supply** be pleased to state whether qualifications ICEASSOC, Eng. (SHEFF) and diploma of 'CE' SHEFFIELD are recognised engineering diplomas for recruitment to the Central Engineering Service, Classes I and II?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): No; Sir.

C. P. W. D.

*663. **Shri Ajit Singh:** Will the Minister of **Works, Housing and Supply** be pleased to state what economy in the expenses of the C.P.W.D. organisation has been effected as a result of the implementation of the Kasturbhai Lalbhai Committee's recommendations?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): On comparable work-loads, economy of the order of 7 to 8 lakhs per year is anticipated.

Shri Ajit Singh: May I know whether all the recommendations have been accepted by Government?

Sardar Swaran Singh: All except one or two.

Shri Ajit Singh: May I know which recommendations are still under consideration and which have been rejected by Government?

Sardar Swaran Singh: I would invite the attention of the hon. Member to the reply I gave to another question on the 20th February, 1953 (Starred Question No. 219).

Shri Ajit Singh: May I know whether any engineer was taken as a member of this Committee?

Sardar Swaran Singh: The composition of this Committee was notified in the gazette. I do not remember the personnel at the moment but I presume there were engineer members also on the Committee.

KOSI PROJECT

*664. **Shri Gidwani:** Will the Minister of **Irrigation and Power** be pleased to state the total expenditure incurred on the Kosi Project so far?

The Deputy Minister of Irrigation and Power (Shri Hathi): The total expenditure incurred on the Kosi Project investigations up to the end of September 1953 is Rs. 87,11,610.

Shri Gidwani: What is the revised estimated cost of the project and when will the project be completed?

Shri Hathi: The revised estimates are still under consideration.

Shri Gidwani: Has the attention of Government been drawn to a report published in the press that Government may give up the project as the site selected is unsuitable because of the river getting silted?

Shri Hathi: It is not a fact that Government is going to give it up. On the other hand, the investigations are going ahead and in a fortnight or so it will be possible to say what exactly will be the position.

Shri Gidwani: Do Government propose to send a deputation to China for studying the scientific method of preventing silt formation?

Shri Hathi: That is under the consideration of Government.

Shri L. N. Mishra: May I know whether the question of apportioning financial responsibility between the different Governments of Nepal, Bihar and India has been decided upon and if so, what are the details?

Shri Hathi: That can be done only after the estimates are known.

CONSTRUCTIONS OF OFFICES NEAR HARDINGE BRIDGE, NEW DELHI

*666. **Shri M. S. Gurupadaswamy:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the estimated cost of the Central Government Offices under construction, for the Finance Ministry, near Hardinge Bridge, New Delhi; and

(b) the date of commencement and the stipulated period for completion of this work?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) The estimated cost of the actual building under construction is Rs. 20·21 lacs.

(b) The work commenced on 12th November, 1952 and should be completed by February 1954.

Shri M. S. Gurupadaswamy: How many tenders were received for this work?

Mr. Speaker: I am afraid it is going too much into the details of administration. What is the point of enquiring about tenders?

Shri M. S. Gurupadaswamy: It is an information which must be available.

Mr. Speaker: Unless there is ground for suspecting that there is something underhand it will not be proper to go into such details of administration.

Shri M. S. Gurupadaswamy: May I know whether the contract was given to the lowest tenderer?

Sardar Swaran Singh: Yes, Sir, to the lowest.

Shri M. S. Gurupadaswamy: When was this tender by the lowest tenderer received and when was it accepted?

Was there considerable delay in accepting the tender?

Sardar Swaran Singh: No, Sir, there was no delay in accepting the tender.

Shri V. P. Nayar: Is it a fact that this firm of contractors has several other contracts with other Ministries, and may I know also whether the proprietor of this firm was a contestant in the last elections on the Congress ticket?

Mr. Speaker: Order, order.

Sardar Swaran Singh: That information is incorrect.

Shri Punnoose: Is it a fact that complaints have been received against this contractor as having assaulted some of the supervisory staff there?

Mr. Speaker: I think I will go to the next question.

TOBACCO RE-DRYING PLANTS

*667. **Shri C. R. Chowdary:** Will the Minister of **Commerce and Industry** be pleased to state how many re-drying plants were licensed for import by business concerns and individual dealers in tobacco in Andhra, by the Controller of Exports and Imports subsequent to the purchase of one plant by Government?

The Minister of Commerce (Shri Karmarkar): The statistics required are difficult to compile as the Import Trade Control Schedule carries no separate classification for re-drying plants.

Shri C. R. Chowdary: May I know in what year the re-drying plant was purchased by the Government?

Shri Karmarkar: I should like to have notice, but I find that as far back as 1946 there were eleven re-drying plants in the country, nine in Madras and two in Bihar.

Shri C. R. Chowdary: May I know how many import licences have been granted to business concerns and individuals in Guntur to import re-drying plants?

Shri Karmarkar: I could not give the whole figure. It will not be commensurate with the trouble undertaken to find out about Guntur particularly.

Shri C. R. Chowdary: May I know whether it is a fact that Government, with a view to selling away its re-drying plant, granted licences in favour of business firms and private individuals?

Shri Karmarkar: I take that information, but will have first to check it for its accuracy.

Shri Nanadas: May I know whether this re-drying plant is working or not?

Shri Karmarkar: "This" means which? There are many plants in the country. The existing capacity is 20 million lbs.

Shri Nanadas: The one at Guntur. Is it working or not? If it is not working, what are the reasons?

Shri Karmarkar: I should like to have notice about Guntur.

Shri C. R. Chowdary: May I know at what cost Government has purchased this plant which is at Guntur?

Shri Karmarkar: I should like to have notice about that also, naturally.

GOVERNMENT OFFICE BUILDING, QUEEN VICTORIA ROAD

*668. **Shri M. S. Gurupadaswamy:** Will the Minister of **Works, Housing and Supply** be pleased to refer to the answer to starred question No. 1264 on the 14th September 1953, regarding multi-storeyed Central Government Offices' building construction at Queen Victoria Road, New Delhi, and state:

(a) the estimated and the lowest tendered amounts for the framed structure portion of the work: and

(b) the reasons for transferring the former Executive Engineer, Diplomatic Enclave Division, C.P.W.D., New Delhi to some Madras Division?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) (i) Estimated amount Rs. 16,17,609

(ii) Lowest tendered amount. Rs. 16,31,277.

(b) The Executive Engineer was transferred out of Delhi in the normal course.

Shri M. S. Gurupadaswamy: Last time, in answer to one of my questions, the hon. Minister said that there was a lot of water underground and so the estimate had to be revised. May I know whether this was not taken into consideration at the time of giving the contract? -

Sardar Swaran Singh: It is difficult to recall as to what was the thing that arose out of a supplementary question on the last occasion.

Mr. Speaker: We will go to the next question.

ALLOTMENT OF GOVERNMENT QUARTERS

***669. Shri M. S. Gurupadaswamy:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether Government have received any complaints against any C.P.W.D. and Estate Officials regarding irregular allotment of Government Quarters; and

(b) if so, what action was taken in the matter?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Certain cases of unauthorised occupation of Government quarters were detected by the Estate Officer in 1951-52 and reported to Government.

(b) They were reported to the Special Police Establishment, Delhi, who have already launched prosecution in 12 cases. The persons being prosecuted included, besides the persons who secured unauthorised occupation, a clerk of the Estate Office and an enquiry office clerk of the Central Public Works Department. Meanwhile, all the unauthorised occupants have been evicted.

Shri M. S. Gurupadaswamy: May I know whether any gazetted officer is involved in these cases?

Sardar Swaran Singh: Three of them are Assistant Engineers. But I can't say whether they hold any gazetted appointment.

Shri V. P. Nayar: They are gazetted.

Shri K. K. Basu: May I know whethe there is a periodical check up as to the manner in which the allottees are using the Government quarters?

Sardar Swaran Singh: I do not know what is the import of the question: periodical check up of the way in which allottees are using the quarters. Perhaps the suggestion is to check if there is any sub-letting, etc. That is being done.

Shri Bogawat: How many out-houses of the bangalows allotted to Government servants are still occupied by unauthorised persons?

Sardar Swaran Singh: That would require a very elaborate looking into. If separate notice is given, I shall collect the information.

Mr. Speaker: Next question.

Shri Bogawat: I am asking this question for a long time.

BHAKRA NANGAL PROJECT

***670. Shri L. N. Mishra:** Will the Minister of **Irrigation and Power** be pleased to refer to reply given to starred question No. 93 asked on 17th February, 1953 and state:

(a) the result of investigation made on the complaint of misappropriation of Government funds by the Contractors of the Bhakra Nangal Project:

(b) whether any officers were involved in that misappropriation; and

(c) if so, the action taken against them?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) The cases are still under investigation.

(b) Yes, Sir.

(c) They were arrested and released on bail.

Shri L. N. Mishra: May I know whether it is a fact that proceedings against certain number of accused were dropped at the very start?

Shri Hathi: I have no information that the proceedings against any of the officers were dropped.

Shri L. N Mishra: May I know whether this is the only case, or a few others have also been detected?

Shri Hathi: In all eleven officers are involved in the various cases.

Shri L. N. Mishra: What is the amount that is alleged to have been misappropriated?

Shri Hathi: All cases are not of misappropriation. One is a case of illegal gratification involving an amount of Rs. 20,000. Another is a case of overpayment involving an amount of Rs. 60,000.

INDIAN CITIZENSHIP

*672. **Dr. M. M. Das:** Will the **Prime Minister** be pleased to state:

(a) whether it is a fact that the Government of India have received during the last few months large numbers of applications for Indian citizenship from African-born Indians in the British East African States of Kenya, Uganda, Tanganyika and Zanzibar; and

(b) if so, (i) the total number of such applications; and (ii) the decision of Government regarding these applications?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) (i) 3669.

(ii) From a scrutiny of the information furnished by these applicants, it was found that they were covered by Article 5 of the Constitution of India and accordingly letters declaring them to be Indian citizens were issued to them by the Commissioner for the Government of India in British East Africa.

Dr. M. M. Das: I could not follow the second part of the answer to my question, part (b).

Some Hon. Members: A little more loudly.

Mr. Speaker: I find several hon. Members talking slowly, according to them.

Shri Feroze Gandhi: Nobody is talking here.

Mr. Speaker: I am disturbed by talks here and there.

Shri Sadath Ali Khan: From a scrutiny of the information furnished by these applicants, it was found that they were covered by Article 5 of the Constitution of India and accordingly letters declaring them to be Indian citizens were issued to them by the Commissioner for the Government of India in British East Africa.

Dr. M. M. Das: May I know whether any steps have been taken to find out the number of applicants who have voluntarily acquired African citizenship so that our Constitution does not allow their coming over to India as Indian citizens?

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): There is no such thing as African citizenship. There are British Subjects in this colony. There is no separate African citizenship. As regards the hon. Member's referring to how many are British subjects and how many are Indian nationals, there has been no clarity about that, for the simple reason that we have not specifically laid down any nationality law as required. Something has been said in the Constitution and we act accordingly. There are some uncertainties in the case of certain groups and classes.

Dr. M. M. Das: May I know whether Government have been finding any difficulty due to absence of detailed legislation which is provided in our Constitution for dealing with individual cases?

Shri Jawaharlal Nehru: Yes. There is difficulty in the sense that some applicants want to be citizens of India and we are not able to make him or her such a citizen.

STATE ELECTRICITY BOARDS

*673. **Shri Nanadas:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) how many State Electricity Boards, have been constituted since the passing of the Electricity Supply Act, 1948;

(b) the work done so far by the Central Electricity Authority; and

(c) whether the Advisory Board set up by Government for suggesting amendments to the Indian Electricity Act, 1910 will also review the Electricity (Supply) Act, 1948?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Two. (in Delhi and Madhya Pradesh)

(b) The Central Electricity Authority have approved the Regulations framed by the Delhi and Madhya Pradesh State Electricity Boards under the Electricity (Supply) Act of 1948. They have also arbitrated in the dispute between the Government of Bombay and the Godhra Electricity Supply Co. Ltd.

(c) No, Sir.

Shri Nanadas: May I know why the rest of the States have not followed this?

Shri Hathi: The States are finding it difficult. They find several difficulties coming in their way, financial difficulties, finding suitable personnel, etc.

APPRENTICES IN GOVERNMENT PRESSES

*674. **Shri Nanadas:** (a) Will the Minister of **Works, Housing and Supply** be pleased to refer to the answer given to part (d) of unstarred question No. 1051 answered on 15th April, 1953 and state the action taken to enhance the rate of monthly subsistence allowance paid to the apprentices in the Government of India Presses?

(b) What are the enhanced rates?

(c) From which date will the new rates be given effect to?

The Minister of Works, Housing and Supply Sardar Swaran Singh): (a) and (b). They will now be eligible to draw dearness allowance, as admissible to others, drawing equivalent pay. Under the general orders governing the grant of dearness allowance, they will get Rs. 40/- per month.

(c) As from 1st December 1953.

Shri Nanadas: May I know whether they are eligible for house rent allowances also?

Sardar Swaran Singh: Not possibly, Sir. I am not sure.

Shri Nanadas: May I know how many apprentices have been there in the Government presses since 1951?

Sardar Swaran Singh: I have not got that information at the present moment.

Shri Nanadas: May I know whether there is any possibility of giving retrospective effect to this decision?

Sardar Swaran Singh: We have examined this case with considerable care. This is the maximum up to which we can go.

DEVELOPMENT OF TRANSPORT FACILITIES

*676. **Shri Buchhikotaiah:** Will the Minister of **Planning** be pleased to state·

(a) whether it is a fact, that all State Governments were asked by the

Planning Commission to submit reports about the transport facilities needed to implement the development schemes of the Five Year Plan;

(b) if so, whether any reports have been received; and

(c) whether any nation-wide plan to improve transport facilities has been worked out?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes.

(b) Replies have been received from most States.

(c) The matter is under consideration.

PIPELINES AT OKHLA

***677. Shri A. N. Vidyalankar:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether it is a fact that some pipes of the water pipeline from Okhla to Kalkaji, laid by the C.P.W.D. Rehabilitation Circle, New Delhi, burst when it was put to use:

(b) if so, the reasons thereof;

(c) the extra cost involved in repairs;

(d) whether the pipes were of the approved specification; and

(e) the agency that had supplied the pipes, and the quantity supplied by that agency?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Yes, Sir.

(b) The matter is under investigation.

(c) The damaged pipes were replaced at a cost of about Rs. 1,000/-.

(d) They were stated to be so.

(e) The pipes were supplied by Messrs. India Iron and Steel Co. Ltd., Kulti. The quantity supplied was about 25,000 running feet.

Shri A. N. Vidyalankar: May I know whether the enquiry is made departmentally or it has been entrusted tc somebody else?

Sardar Swaran Singh: Departmentally for the time being.

जहाजों का निर्माण

***६७८. श्री रघुनाथ सिंह:** क्या **उत्पादन** मंत्री यह बताने की कृपा करेंगे :

(क) भारत में बनने वाले जहाजों के कितने यांत्रिक भाग बाहर से आते हैं ;

(ख) इन भागों और सम्पूर्ण यांत्रिक भागों की संख्या तथा मूल्यों का क्या अनुपात है ;

(ग) बाहर से आने वाले भाग किन देशों से आयात किये जाते हैं ;

(घ) इन भागों को निकट भविष्य में भारत में बनाने की कोई सम्भावना है ; तथा

(ङ) क्या सरकार का कोई ऐसा कारखाना खोलने का विचार है जहां यह यांत्रिक भाग बन सकें ?

The Minister of Production (Shri K. C. Reddy): (a) and (b). It has so far been possible to obtain only a few items from India and most of the items of machinery are being imported from abroad.

(c) These items of machinery are at present imported from Great Britain and Germany.

(d) and (e). The question of manufacturing machinery in India is under consideration.

श्री रघुनाथ सिंह : कितने समय के अन्दर इन मशीनों का उत्पादन हिन्दुस्तान में हो सकेगा ?

प्रधान मंत्री तथा वैदेशिक कार्य एंव रक्षा मंत्री (श्री जवाहरलाल नेहरु) : इस का अन्दाजा कैसे हो सकता है ? लेकिन ख्याल है कि ज्यादातर मशीन चार पांच वर्ष में हम बना सकेंगे । हमेशा यह होता है कि कोई न कोई चीज छोटी मोटी जो बनाने की है वह मुमकिन है कि हम बना सकें, लेकिन इस कोशिश में ज़रूरत से ज्यादा खर्च करना पड़ता है । इसलिये यह बेहतर समझा जाता है कि बाहर ही से मंगायें ।

Shri K. K. Basu *rose*—

Mr. Speaker: What is it?

Shri K. C. Reddy: May I add that the main difficulty with regard to this matter is that the total demand for any one of these items is so small that it will prove uneconomic to manufacture them in this country. Even if we take the annual requirements for replacement into consideration, the total demand is not very great and the investment involved is very large. This has been the main difficulty. We are having, however, under consideration the manufacture of many of these items, but for the moment we have got to depend on imports.

Shri K. K. Basu: Part (b) of the question has not been properly answered. The question is about the ratio to the total machine parts and the proportion of their cost.

Shri K. C. Reddy: It is difficult to give the ratio. So I did not attempt to give the ratio. If items only are taken into consideration, out of about 50 or 52 items of machine parts that go into the making of a ship, only five or six are being produced in India. The rest are being imported. Regarding the value, the price of the articles that we purchase is also a very small percentage when compared with the price of the parts we import. It differs from ship to ship, and it is not possible to give exactly the ratio.

Shri K. K. Basu: Which are the parts that are manufactured or are available in India?

Shri K. C. Reddy: Five or six, as I said. For example, grinding and drilling machines, electric fans, switches, fittings, starters, lathes and things of that kind.

Shri Nanadas: Is it not a fact......

Mr. Speaker: *Let us go to the next* question.

भारत-पाकिस्तानी व्यापार

*६७९. **श्री रघुनाथ सिंह** : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे :

(क) क्या यह सच है कि १९५१-५२ में भारत-पाकिस्तानी व्यापार लगभग १३३ करोड़ रुपये का था और घट कर १९५२-५३ में यह केवल ५३ करोड़ रुपये का रह गया है ; तथा

(ख) यदि हां, तो इस घटौती के कारण क्या हैं ?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) The contraction in our trade with Pakistan was due to a variety of reasons. On the import side, the decline in 1952-53 was mainly attributable to less purchases of raw jute by mills and traders as well as a fall in prices. As regards exports, Pakistan's restrictions on import of fruits and vegetables, Betel leaves, Bidis, spices, unmanufactured tobacco and Bidi leaves severely curtailed the flow of trade.

श्री रघुनाथ सिंह : ११० करोड़ रुपये साल की जो हिन्दुस्तान को हानि हुई है इस में क्या कुछ सुधार की सम्भावना है ?

श्री करमरकर : जो हिन्दुस्तान के व्यापार को हानि हुई है उस के पूरा होने की

सभी आशा रखते हैं, लेकिन कभी कभी आशा के मुआफ़िक़ होता नहीं ।

श्री गिडवानी : 'आशा हि परम दु:खम' आशा करना ही सब से बड़ा दु:ख है ।

Shri L. N. Mishra: With reference to the reply to (b) may I know the quantity of jute imported from Pakistan as a result of the latest Indo-Pakistan Agreement?

Shri Karmarkar: I can give my hon. friend the figures: for 1951-52 the import of raw jute was for Rs. 67 Crores; 1952-53 Rs. 16·5 Crores.

Shri Kasliwal: May we know if we can expect an improvement in 1953-54 in this trade?

Shri Karmarkar: We always have hopes. as I said, but it depends on the other party also.

Dr. M. M. Das: May I know whether, with regard to our exports to Pakistan, we have received any discriminatory treatment from Pakistan?

Shri Karmarkar: I do not think so.

Shri N. M. Lingam: May I know, Sir.............

Mr. Speaker: We will go the next question.

पोलैंड में प्रदर्शनी

*६८०. **श्री रघनाथ सिंह** : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे :

(क) क्या यह सच है कि १२ अक्तूबर, १९५३ को पोलैंड में एक भारतीय प्रदर्शनी का उद्घाटन किया गया ;

(ख) यदि हां, तो इस प्रदर्शनी में क्या क्या वस्तुएं रखी गई थीं ;

(ग) क्या प्रदर्शनी सफल रही ; तथा

(घ) इस सम्बन्ध में सरकार का कितना व्यय हुआ ?

The Minister of Commerce (Shri Karmarkar): (a) Yes, Sir.

(b) A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 55.]

(c) It is difficult to assess the results of an exhibition of this nature —in any event it is too early to do so, though I would say that I understand that the effect of the exhibition was good.

(d) Nil.

श्री रघुनाथ सिंह : इस में क्या सिल्क का सामान और पीतल का सामान भी प्रदर्शित किया गया था या नहीं ?

श्री करमरकर : यह आर्टस प्रोडक्शन की एग्जीबीशन थी, एक्सटर्नल अफेयर्स की मिनिस्ट्री की तरफ़ से हुई थी । वह कमर्शियल प्रोडक्ट्स की एग्जीबीशन नहीं थी ।

Shri M. D. Ramasami: May I know whether handloom textiles were also exhibited, and how they were received?

Shri Karmarkar: As I said earlier, this was principally an art exhibition, consisting of, for example, contemporary paintings, Sculptures, colour reproductions, Indian crafts comprising samples of textiles, silverware, wood work, ivory work etc.

Shri N. M. Lingam: May I know if the exhibits were sold or brought back to India after exhibition.

Shri Karmarkar: I do not think they were meant to be sold. As to whether they were actually brought back or not, I should like to have notice.

PRESERVED FOOD

***681. Shri Jhulan Sinha:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the annual amount of foreign exchange that India has to provide for importing preserved food from abroad;

(b) the articles of preserved food imported; and

(c) the steps being taken or proposed to be taken to make India self-sufficient in respect of such food?

The Minister of Commerce (Shri Karmarkar): (a) Based on the actual imports of items of preserved food during the last three years, India spends, on an average, Rs. 60 lakhs approximately per annum on the import of such items.

(b) Canned or bottled fruits and vegetables, Bacon and Ham and lard, Fish, jams and Jellies, Pickles, sauces, etc.

(c) The demand for preserved foods is elastic and therefore no precise policy has been laid down in the direction of achieving self sufficiency though all possible encouragement is given to the canned food industry. A statement regarding Government action in this direction is laid on the Table of the House. [*See* Appendix III, annexure No. 56.]

Shri Jhulan Sinha: The statement says that the major portion of Defence requirements is being met by local production. May I know how far the civilian demand is being met by local production?

Shri Karmarkar: All civilian demand is met by indigenous production.

PETROL

***683. Seth Achal Singh:** (a) Will the Minister of **Works, Housing and Supply** be pleased to state at what price per gallon do the Burmah Shell, Caltex and other companies sell petrol to the public in Delhi?

(b) What are the expenses per gallon on the petrol from the port of import to the consumer in Delhi?

(c) Are Government adopting any measures to check any increase in the prices of petrol and if so, what are they?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Rs. 2/13/- per gallon plus Sales Tax at 6 pies per rupee.

(b) Approximately annas -/8/- per gallon, which covers railway freight and upcountry marketing charges.

(c) The Oil Companies revise their prices only in consultation with Government and Government can therefore secure that there is no increase unless there is justification.

सठ अचल सिह : क्या मंत्री महोदय बताने की कृपा करेंगे कि देहली म्यूनिसिपल कमेटी ने जो छ: पाई फी रुपया कर लगा रखा है, क्या वह न्यायोचित है ?

Sardar Swaran Singh: Sales Tax is not levied by the Municipal Committee. I think it is levied by the State Government; and the State Governments are fully competent to levy Sales Tax on all sales.

Dr. M. M. Das: I beg to know the actual position of the Government of India with regard to the fixation of the petrol price in this country: whether the Government has got any authority to examine the import price at the ports of import and the price at which petrol is sold in this country.

Sardar Swaran Singh: It has been stated earlier that the Gulf of Mexico price governs the price here and that is the basic price. As the position stands today, we have not got much scope to go into the various factors which go to make that Gulf of Mexico price.

Shri Joachim Alva: Do Government expect a substantial reduction in the price of petrol after the refineries start working in Bombay?

Sardar Swaran Singh: I will not speculate on that contingency.

DAMS (MECHANISATION IN CONSTRUCTION)

***685. Shri R. N. S. Deo:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether Government propose to introduce further mechanisation in the construction of the multi-purpose Dams; and

(b) if so, the action taken in this respect?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). The degree of machanisation depends on the nature and volume of work to be done.

Shri R. N. S. Deo: May I know if it is proposed to increase the mechanisation in the different dams?

Shri Hathi: Not necessarily. That depends upon the nature or the work.

Shri R. N. S. Deo: May I know, Sir, the saving in labour, time and cost by the use of the earth-moving machinery in the different dams at present?

Shri Hathi: It would be difficult to find out in actual figures what it amounts to.

Shri K. K. Basu: May I know if the Planning Commission considers the possibility of utilising our surplus labour before introducing mechanisation?

Shri Hathi: So far as the Ministry of Irrigation and Power are concerned, they have in view utilising as much human labour as possible.

Shri Sarangadhar Das: May I know, Sir, how it is possible that, without knowing the comparative cost of manual labour as well as of mechanical labour, Government have chosen mechanisation of all these works?

Shri Hathi: There are certain works where use of machinery is inevitable. In such cases there is no question of choice.

AGRICULTURAL IMPLEMENTS

***686. Shri Kasliwal:** Will the **Prime Minister** be pleased to state:

(a) whether one Mr. Johnson of Colarado, U.S.A. had offered a **gift** of 1,00,000 agricultural implements to Government; and

(b) if so, whether Government are considering the offer?

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): (a) Mr. and Mrs. Johnson have been considering a proposal to make a nation-wide appeal to the U.S.A. to collect funds for securing and delivering to India 1,00,000 small agricultural instruments such as hoes, shovels and rakes, but before proceeding further they wanted the approval of the Government of India.

(b) Yes Sir.

Shri Kasliwal: May I know whether there are any conditions attached to this gift?

Shri Jawaharlal Nehru: Yes, of course. The conditions are that we accept them.

Shri S. V. Ramaswamy: What would be the approximate value of these implements?

Shri Jawaharlal Nehru: I have no idea.

Shri Damodara Menon: Have the Government decided to accept the offer?

Shri Jawaharlal Nehru: We do not know anything about it. So we have referred it to our Embassy in Washington to find out what it is.

Shri K. K. Basu: May I know whether there is any condition attached to this gift, as to the manner in which this offer is to be utilised in India?

Shri Jawaharlal Nehru: There is no question of conditions. But I might say, we do not fancy any person making nation wide appeals on behalf of India anywhere. Therefore, we have referred the matter to our Embassy there to inform us what the facts are—there is no question of any condition, but we have asked them to inform us what the facts are.

SINGARENI COLLIERIES

*687. **Shri T. B. Vittal Rao:** (a) Will the Minister of **Production** be pleased to state when Government will be able to meet in full the indents for iron and steel placed by Singareni Collieries Company?

(b) Is any priority likely to be given in the matter of allocation of iron and steel to the company in view of the fact that the production of coal has to be stepped up by one million tons under the Five Year Plan?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): (a) The supply of iron and steel is still inadequate. The demand can be fully met only when the supply position improves.

(b) Demands received from Collieries are considered by the Coal Commissioner, within the limitation placed by the overall shortage of iron and steel and quotas allotted on merits. It will be ensured that due consideration is paid to the requirements of this colliery in the interests of stepping up production.

Shri T. B. Vittal Rao: May I know whether, in view of the inadequate supplies of iron and steel, Government propose to lower the targets fixed under the Five Year Plan?

Shri R. G. Dubey: There is no such proposal before the Government of India.

The Minister of Production (Shri K. C. Reddy): The Planning Commission did not recommend that the production in these collieries should be increased by one million tons. It was the Working Party on coal that made such a recommendation, and listed a number of measures to be taken to achieve this target in respect of this particular colliery. They do not relate merely to supply of necessary quantity of iron and steel, but consist of several recommendations made by them, such as:

(a) Expansion of railway sidings,

(b) Erection of a new screening plant,

(c) Provision of a few additional coal cutters, and

(d) Opening up of new collieries, etc.

These matters have been brought to the notice of the Hyderabad Government, who are now owning and operating these collieries, and we have received a communication from the Hyderabad Government that they are giving their attention to these recommendations, and trying to find methods for stepping up the production in this particular colliery.

SUPPLY OF SPARE PARTS OF BUSES AND LORRIES IN HYDERABAD

*688. **Shri T. B. Vittal Rao:** Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) whether the supply of spares and parts of buses and lorries against indents placed by the Road Transport Department, Hyderabad Government, in London and U.S.A. have since been received;

(b) if not, the reasons for the delay; and

(c) whether Government propose to lay a copy of the quarterly reports called for from the India Stores Department, London and Supply Mission, New York on the Table of the House?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) to (c). I place on the Table of the House a statement indicating the present position. [*See* Appendix III, annexure No. 57.]

As the quarterly reports are bulky documents and contain a lot of figures, perhaps the Hon'ble Member would be satisfied if I offer to show them to him if he wishes to see them.

Shri T. B. Vittal Rao: May I know whether all the items that are indented for are scrutinised by the Director General of Supplies, before indenting?

Sardar Swaran Singh: I think there is some confusion in the mind of the hon. Member, when he says that the Director General of Supplies and Disposals scrutinises before indenting. Actually, other people place indents on the DGSD, and he scrutinises the entries in those indents, and then places the orders with regard to the various items, with the various manufacturers.

Shri T. B. Vittal Rao: My question was whether when an indent is made, it is scrutinised as to whether the items mentioned therein are available in India, and then the orders are placed in England and America.

Sardar Swaran Singh: Yes, that scrutiny is undertaken.

D. V. C. COLLIERY

***689. Shri P. C. Bose:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) whether the Damodar Valley Corporation have taken a colliery on lease;

(b) the present out-put of the colliery per month;

(c) whether the D.V.C. propose to appoint a raising contractor for the colliery; and

(d) if so, the reasons therefor?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes Sir.

(b) 6,000 tons per month approximately.

(c) Yes, as a temporary measure in consultation with the Coal Commissioner, raising contractor was appointed in May, 1953.

(d) In 1951, the D.V.C. placed an order with the Indian Mining and Construction Co. for mechanised mining and raising of coal. Subsequently this firm went into liquidation and the Corporation decided to do the work departmentally and have obtained the services of a mining expert through the T.C.A. for necessary advice. Till such time as plans for such mechanised mining are finalised, it was necessary for the D.V.C., as a purely temporary measure, to keep the Bokaro Power Station supplied with coal from its mines by labour contract.

Shri P. C. Bose: May I know whether Government have already decided to abolish the contract system for the colliery?

Shri Hathi: This is only a temporary measure. By February 1954 or so, this contract will terminate.

PRIME MINISTER'S FLOOD RELIEF FUND

***690. Shrimati Kamlendu Mati Shah:** (a) Will the **Prime Minister** be pleased to state whether any money has been sanctioned from the Prime Minister's Flood Relief Fund to Uttar Pradesh?

(b) If so, how much and does it cover the hilly area?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) A Press note was issued by the Prime Minister's Secretariat on the 15th November, 1953, indicating the amounts received in and disbursements made from the Prime Minister's National Relief Fund since the Prime Minister issued the public appeal for contributions to the Prime Minister's National Relief Fund in August this year. As has been stated in the Press note, a sum of Rs. 1,62,726-8-0 has been given from the Prime Minister's National Relief Fund for flood relief in Uttar Pradesh. In sending money to Chief Ministers and/or Governors of States, it is not the Prime Minister's practice to stipulate particular areas in a State. Normally, these amounts are spent at the discretion of the Governor and/or Chief Minister in areas where relief is most needed.

Shrimati Kamlendu Mati Shah: May I know whether it will be possible to find out from the Governor, what money will be given to the Tehri-Garhwal region?

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): No money is given to the Prime Minister's National Relief Fund, directly for certain districts. It is the State Governments that decide these things. Sometimes, privately it may be indicated that a particular area is in need of it.

Dr. Lanka Sundaram: May I know how much out of the Prime Minister's National Relief Fund has been diverted to the relief of victims in the Godavari floods?

Mr. Speaker: This question is restricted to Uttar Pradesh. I think we may confine ourselves to that State only.

Shri Feroze Gandhi: Will the hon. Parliamentary Secretary kindly inform us of the mountains that were flooded?

Shri C. D. Pande: There have been no floods there.

Shri Feroze Gandhi: In part (b) of the question, a reference is made to hilly areas. So, will the hon. Parliamentary Secretary tell us which were the mountains that were flooded?

Mr. Speaker: To that, the reply was that these areas are not marked. The money is given to the Governor.

DEPOSITS OF DISPLACED PERSONS

*691. **Babu Ramnarayan Singh:** (a) Will the Minister of **Rehabilitation** be pleased to state whether the subject of deposits in safe deposit vaults by displaced persons is included in the approved and ratified items of the recent Indo-Pakistan agreement regarding the movable property of displaced persons of both countries?

(b) If so, at what stage is the matter?

The Minister of Rehabilitation (Shri A. P. Jain): (a) and (b). The question of bulk transfer of Safe Deposit articles was discussed, but no agreement could be reached. It was, however, decided that the discussions should be resumed in the near future.

Shri Gidwani: May I know whether the evacuees who have migrated to Pakistan have left jewellery or cash in safe deposit vaults, in India, and if so, what is their value?

Shri A. P. Jain: We do not know the contents of the safe deposit vaults; we cannot, therefore, say what is contained in them.

MOTOR CARS

*692. **Shri Jethalal Joshi:** (a) Will the Minister of **Commerce and Industry** be pleased to state how many motor cars were assembled and how many manufactured by Hindustan Motors Ltd., in the year 1952-53?

(b) What is the price of the car made in India and how does it compare with the imported one of the same type?

The Minister of Commerce (Shri Karmarkar): (a) Messrs. Hindustan Motors Ltd., are at present manufacturing a considerable proportion of the components of the engine, etc. of the "Hindustan 14" Passenger Car, and are importing the rest of the components for assembly. As for "Studebaker" Cars, they are importing almost all the important components in completely knocked down condition for assembly.

They produced 905 "Hindustan 14" cars and 101 "Studebaker" cars in 1952-53.

(b) Built up cars are not allowed to be imported. Therefore, all cars are assembled in the country, with the difference that a considerable proportion of locally manufactured components enters into the assembly of "Hindustan 14". The present list price of "Hindustan 14" is Rs. 10,475. Prices of other Cars in the same class are Austin A 40 Rs. 11,440, Hillman Minx Rs. 11,235.

Shri Jethalal Joshi: By what time will our country be self-reliant, so far as manufacture of motor cars is concerned?

Shri Karmarkar: Naturally in these matters, we cannot anticipate. It is a difficult matter, but I am happy to tell the hon. Member that the 'Hindustan 14' contains about 55 per cent. of its components by way of indigenous production.

Shri P. C. Bose: May I know the cost of production?

Mr. Speaker: The question hour is over.

Short Notice Question and Answer

INDO-PAKISTAN AGREEMENT ON EVACUEE PROPERTY

S.N.Q. 5. Sardar Hukam Singh: Will the Minister of **Rehabilitation** be pleased to state:—

(a) whether Pakistan has expressed her inability to implement the recent agreement on evacuee property with effect from 1st December, 1953;

(b) whether Pakistan had herself suggested this date for implementation of the agreement; and

(c) what were the terms of the agreement, the implementation of which was to begin on 1st December, 1953?

The Minister of Rehabilitation (Shri A. P. Jain): (a) and (b). Since certain controversial reports on the subject have appeared in the Press, I would like briefly to state the facts. While confirming the decisions taken at Karachi by the delegations of the two countries, the Government of India on September 4th indicated that implementation would begin on October 1st. The Government of Pakistan replied on November 2, ratifying the decisions relating to movable property and indicating December 1st as the date from which implementation would begin. Their communication was received by the Government of India on November 9th. The Government of India were agreeable to this date and informed the Pakistan Government accordingly on November 23rd. Subsequently, Press reports from Karachi, purporting to be from official sources, suggested that the Pakistan Government would not be able to implement the decisions from the 1st December, the date originally suggested by them. No official communication to this effect has, however, been received from that Government.

As the Government of India were anxious that implementation should begin as early as possible, they had offered to draw up detailed common implementation instructions which the two Governments could issue to their subordinate authorities simultaneously. On December 4th, the Pakistan Government in a telegram intimated that they were ready to implement the decisions and fix a date for implementation on receipt of the draft implementation instructions. These were sent by the Government of India to the Government of Pakistan on the 6th December, 1953.

(c) A statement is laid on the Table of the House, giving particulars of the agreement in respect of which implementation was to have begun on the 1st December. [*See* Appendix III, annexure No. 58.]

Sardar Hukam Singh: What were the other points of the discussions that took place between the two Governments on which a decision could not be arrived at so far as movable property was concerned?

Shri A. P. Jain: I could not exactly catch the question.

Mr. Speaker: There were certain points on which they could not come to any proper conclusions so far as movable property was concerned. What were those points?

Shri A. P. Jain: Sir, agreement could not be reached on 4 points:

1. Mass transport of lockers and safe deposits;
2. Restoration of properties, and payment of compensation for moveable property allotted or acquired by Custodians of Joint Stock Companies;
3. Release of shares, securities, debentures, insurance policies etc.; and
4. Transfer of the accounts in India of the evacuees.

Sardar Hukam Singh: May I know whether these points have been left to be settled at some conference on a future date or they have been given up as there is no hope of settlement?

Shri A. P. Jain: Discussions on these four points are expected to take place when the representatives of the two Governments meet next.

Shri Gidwani: May I know, Sir, whether the allegation made by Pakistan that the delay in implementation of the agreement was due to the introduction of some changes in the draft by the Government of India is correct?

Shri A. P. Jain: That is incorrect.

Shri Gidwani: May I know whether there was any agreement regarding postal insurance, provident fund, pension etc.?

Shri A. P. Jain: Yes.

WRITTEN ANSWERS TO QUESTIONS

HANDLOOM INDUSTRY IN PUNJAB

***651. Shri D. C. Sharma:** Will the Minister of **Commerce and Industry** be pleased to state the nature and extent of encouragement and assistance given to the handloom industry in the Punjab by the All-India Handloom Board?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): The Punjab Government have recently submitted to the All-India Handloom Board their schemes for the development of the handloom industry in the State. These are now under the consideration of the Board.

BHAKRA NANGAL PROJECT

***652. Shri D. C. Sharma:** Will the Minister of **Irrigation and Power** be pleased to state the amount of foreign loan taken for the Bhakra Nangal Project and the rate of interest thereon?

The Deputy Minister of Irrigation and Power (Shri Hathi): No foreign loan has been taken for this Project.

BHAKRA NANGAL PROJECT (ELECTRICITY PRODUCTION)

***653. Shri D. C. Sharma:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) the estimated quantity of electricity to be produced by the Bhakra Nangal Project during the next two years; and

(b) the estimate about the amount to be consumed?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) 70,000 K.W. (firm) by 1955-56.

(b) 46,600 K.W. by 1955-56 according to the load forecast prepared by the State Government.

GOA

***665. Shri M. R. Krishna:** Will the **Prime Minister** be pleased to state whether it is a fact that the strength of the Portuguese Army in Goa has been increased considerably since the last few months?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): We have received reports of reinforcement of the Portuguese Army in Goa with troops and some equipment including tanks, artillery, etc.

SALT

***671. Shrimati Tarkeshwari Sinha:** Will the Minister of **Production** be pleased to state:

(a) whether the Government of India are contemplating imposition of certain restrictions on unlicensed salt production; and

(b) whether Government propose to make the rate of cess on salt uniform for the whole of the country?

The Minister of Production (Shri K. C. Reddy): (a) and (b). Both the questions are under the consideration of the Government of India at present.

NEUTRAL NATIONS REPATRIATION COMMISSION

***675. Shrimati Renu Chakravartty:** (a) Will the **Prime Minister** be pleased to state whether our newspapers have got Indian nationals accredited as their direct correspondents with the Neutral Nations Repatriation Commission in Korea?

(b) If so, how many are they?

(c) How did Indian newspapers publish the photograph and caption given by the American "Stars and Stripes"?

(d) Has any enquiry been made in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) and (b). Two Indian newspapers and one Indian news agency have sent Indian nationals as their correspondents to Korea. No correspondents are accredited to the Neutral Nations Repatriation Commission as such. They are accredited either to the U.N. Command or to the Korean Peoples' Army and Chinese People's Volunteer Command or to both. The Indian correspondents are accredited to the U.N. Command and function from the demilitarized zone.

(c) Some newspapers in India take news photographs circulated by foreign news agencies which function in Korea. The wrong caption to this particular photograph referred to was circulated by a foreign news agency.

(d) The Commander of the Indian Custodian Forces in Korea drew the attention of the foreign news agency concerned to the misleading caption published in Pacific Stars and Stripes (Korea edition) of September 30, 1953. An official contradiction was also issued on October 4, 1953 which was carried by the Indian Press. The foreign news agency concerned sent a letter of apology to General Thorat, Commander of the Custodian Force and the Stars and Stripes also expressed regret verbally.

SHELLAC

***682. Shrimati Tarkeshwari Sinha:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether the position of Shellac Industry has improved since last year's slump;

(b) whether the export of Shellac to the U.S.A. has decreased to a great extent; and

(c) if so, the reasons thereof?

The Minister of Commerce (Shri Karmarkar): (a) Some improvement is noticeable since April this year.

(b) No, Sir. According to the figures available with the Government, exports to U.S.A. during the current year are being maintained at the 1952-53 level, but as compared to 1951-52 there has been a decrease.

(c) The principal reason is a recession in demand. Increased competition from substitutes is also a contributory factor.

IMPORT OF RIGS MACHINES

***684. Dr. Amin:** (a) Will the Minister of **Commerce and Industry** be pleased to state whether the Government of Bombay State have sought permission to import two rigs machines required in connection with the construction of Tube-Wells?

(b) What is the cost of each machine?

(c) Do Government propose to allow the import of these machines?

The Minister of Commerce (Shri Karmarkar): (a) Yes. Sir.

(b) Rs. 4,57,000 approximately.

(c) The matter is under consideration.

INDO-PAKISTAN CONFERENCE

*693. **Shri Kasliwal:** Will the Minister of Rehabilitation be pleased to state:

(a) whether Pakistan Government have since ratified the agreement reached at the Indo-Pakistan Conference of July-August, 1953 in regard to shrines and other holy places; and

(b) if not, what steps Government are taking in this connection?

The Minister of Rehabilitation (Shri A. P. Jain): (a) In the recent Indo-Pakistan Conference of July-August, 1953, the general agreement was that the two Governments should take necessary steps in the matter of—

(i) care, maintenance and protection of places of worship. specially of historic importance or of special sanctity;

(ii) facilities for the visit of pilgrims to such places and Sewadars and Khadims should be given adequate protection and facilities for residence; and

(iii) management and utilisation of properties attached to religious and holy places should be taken out of the purview of the Trust Property Committee and taken up separately by the two Governments for discussion in order to expedite matters.

While Government of India have intimated their acceptance of the decision taken by the representatives of the two countries, the Pakistan Government while ratifying (iii) above have indicated that their views in respect of (i) and (ii) will be communicated separately.

(b) The Pakistan Government have been requested to expedite confirmation of the decisions.

BORDER INCIDENT

*694. **Shri S. N. Das:**
Shri Bhagwat Jha:

(a) Will the Prime Minister be pleased to state whether it is a fact that an Indian National was shot dead by Pakistani Police near Purnea (Bihar) border in November, 1953?

(b) If so, what were the circumstances in which the incident took place?

(c) What steps have been taken in the matter?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan): (a) Yes.

(b) At about noon on the 12th November 1953, three Pakistani Armed Policemen and a Pakistani fisherman trespassed into Indian territory in village Mandalbasti in Purnea District, and began to fish in a pool of water in a paddy field belonging to Ainuddin, a resident of the village. On being informed of this by his servant, Ainuddin along with the chaukidar and three other residents of the village, including one Bashiruddin went to the field. On seeing them, the Pakistanis stopped fishing and started to go back towards the border with their catch. The chaukidar and his companions however accosted the Pakistani party, and asked them why they had trespassed into Indian territory and were catching fish in Ainuddin's field. This angered the Pakistani policemen, one of whom attacked the Indian chaukidar with his rifle, causing some injury to him. The chaukidar, thereupon, hit his assailant with his lathi as a result of which the latter fell down, and his rifle dropped from his hands. Bashiruddin picked up this rifle and began to run towards the village when another Pakistani policemen shot at him at close range. Bashiruddin was hit in the neck and fell down after staggering for a few paces. The other Indian national thereupon ran away from the scene, and the Pakistanis also picking up their injured companion and his rifle escaped into Pakistan territory. The Indians thereupon returned to the spot and carried Bashiruddin to a nearby tree, where he died.

(c) The District Magistrate, Purnea, has suggested to his opposite number in East Bengal that a joint enquiry be held immediately about the incident, Our High Commissioner at Karachi has protested to the Pakistan Government against the trespass and the killing of an Indian by Pakistani policemen. He has also requested the Government of Pakistan to take immediate steps to investigate the matter with a view to punishing the culprits, as well as to pay adequate compensation to the relatives of the victim. The Deputy High Commissioner at Decca has also protested to the Government of East Bengal.

SALT FACTORIES

*695. **Shri C. R. Narasimhan:** Will the Minister of **Production** be pleased to state:

(a) the names of the salt factories, production of which was banned for human consumption during the years 1952 and 1953 with quantity banned in each year and the annual production;

(b) how many labourers were affected by such ban;

(c) whether Government have taken any steps to provide employment to such of the labourers who were thrown out of employment; and

(d) the names of the factories which exported salt to foreign countries and Calcutta by sea with quantity exported during the years 1951, 1952 and 1953, the figures being separately for foreign countries and Calcutta?

The Minister of Production (Shri K. C. Reddy): (a) A statement is placed on the Table of the House. [*See* Appendix III. annexure No. 59.]

(b) and (c). Government have no accurate information on the number of labourers affected by the ban. However, they have reason to believe that the number involved is very small. Even this small number is not thrown out of employment altogether. Generally these labourers get themselves engaged in other activities in the same or similar activities in the neighbouring salt factories.

(d) A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 60.]

FIVE YEAR PLAN (TRANSLATIONS)

*696. **Shri C. R. Narasimhan:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) in what Indian languages the Publications Divisions pamphlet, the Five Year Plan, Questions and Answers, has been published or proposed to be published; and

(b) what will be the time-lag between the publication of the original pamphlet and the translation?

The Minister of Information and Broadcasting (Dr. Keskar): (a) The pamphlet has been published in Hindi. Arrangements have also been made to publish it in Assamese, Bengali, Gujarati, Kannada, Kashmiri, Malayalam, Marathi, Oriya, Punjabi, Tamil, Telugu and Urdu.

(b) The Hindi edition was published simultaneously with the original English edition in May, 1953. The remaining 12 language editions, which are in the press, are likely to be released during this month, with the exception of the Kashmiri edition which is expected to take about four months.

COMMUNITY PROJECT SCHEME FOR JAMMU AND KASHMIR

304. Th. Lakshman Singh Charak: (a) Will the Minister of **Planning** be pleased to state whether the Community Project Scheme has been extended to the State of Jammu and Kashmir?

(b) What are the areas selected for this purpose and whether the entire Scheme will be in charge of the Government of India or the State Government?

(c) How much amount has been sanctioned for the Community Project Scheme by the Central Government?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) Yes.

(b) The areas are located in the Districts of Ladakh, Mansur and Badgam. The scheme will be implemented by the State Government.

No specific amount has been sanctioned by the Government of India for the scheme but the State Government has been informed that the ordinary pattern of expenditure as adopted for other States will be acceptable to us for the purpose of calculating our share. Ordinarily the expenditure on Community Project Development Blocks approved for the State should not exceed Rs. 65 lakhs spread over three years and our share in this will be of the order of Rs. 22·72 lakhs. The arrangement regarding payment is that we pay our contribution on the basis of actual expenditure and debit the amount to 'Aid to Kashmir'.

PRESS CORRESPONDENTS

305. Shri V. P. Nayar: Will the Minister of **Information and Broadcasting** be pleased to lay on the Table of the House a statement showing the following details of the press correspondents who have accreditation with the Government of India:

(i) name of the correspondent;

(ii) the paper or papers or News Agency for which he holds accreditation; and

(iii) the number of years of *bona-fide* experience in journalism?

The Minister of Information and Broadcasting (Dr. Keskar): (i) and (ii). A statement is laid on the Table of the House. [*See* Appendix III, annexure No. 61.]

(iii) A copy of the Rules for the accreditation of Foreign Press Correspondents and Press Correspondents representing Indian Newspapers and News Agencies is placed on the Table of the House. [*See* Appendix III, annexure No. 62.]

RIVER VALLEY PROJECTS (PRODUCTION OF ELECTRICITY)

306. Shri V. P. Nayar: Will the Minister of **Irrigation and Power** be pleased to state the present average estimated cost of production of electricity, per unit in the Hydro-Electric Works at Bhakra Nangal, D.V.C. and Hirakud Schemes?

The Deputy Minister of Irrigation and Power (Shri Hathi): A statement giving the requisite information is attached. [*See* Appendix III, annexure No. 63.]

ALL-INDIA HANDLOOM BOARD

307. Shri V. P. Nayar: Will the Minister of **Commerce and Industry** be pleased to lay on the Table of the House a statement showing:

(i) the details of the working of the All-India Handloom Board set up by Government in December, 1952,

(ii) the various schemes from the States received by the Board for consideration, and

(iii) the details regarding the financial help given by or on the advice of the Board so far?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): Three statements are attached. [*See* Appendix III, annexure No. 64.]

SHARK LIVER OIL

308. Shri V. P. Nayar: Will the Minister of **Commerce and Industry** be pleased to refer to the answer given to unstarred question No. 343 asked on the 19th August, 1953 and to state:

(a) the estimated value of the Shark Liver Oil produced during the years 1950 to 1952 referred to in answer to part (a) of the original question:

(b) the number of workers engaged in producing the quantity of Shark Liver Oil and their *per capita* monthly income;

(c) whether producers of Oil have to inform Government as to the quantity produced or to pay any duty or cess, and

(d) the value of fish Oil imported from 1947-48 to 1951-52?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Rs. 9·45 lakhs (approximately) as reported by the producers.

(b) Information is not available.

(c) Producers of shark liver oil do not, as far as is known, pay any cess or duty. They report the production figures to Government on a voluntary basis.

(d) A statement giving the information is attached. [*See* Appendix III, annexure No. 65.]

COIR

309. Shri V. P. Nayar: Will the Minister of **Commerce and Industry** be pleased to state:

(a) the total quantity of coir yarn, coir and coir goods produced in India during 1952-53; and

(b) the *per capita* average monthly earnings of a worker of coir industry?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). A statement is attached. [*See* Appendix III, annexure No. 66.]

SMALL SCALE INDUSTRIES

310. Dr. Amin: Will the Minister of **Commerce and Industry** be pleased to state what concrete steps have been taken by Government to encourage the development of small scale industries?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): A statement is attached. [*See* Appendix III, annexure No. 67.]

संगमरमर की खानें तथा कारखाने

३११. श्री बलवन्त सिंह महता : क्या **वाणिज्य तथा उद्योग** मंत्री यह बताने की कृपा करेंगे :

(क) क्या यह सच है कि मकराने की संगमरमर की खानों तथा कारखानों को समय पर आवश्यकतानुकूल एस० एस० स्टील प्लेटस न मिलने के कारण पत्थरों की चिराई में बाधा पड़ने से कई लोग बेकार हो जाते हैं;

(ख) यदि हां, तो क्या सरकार उन्हें पर्याप्त मासिक कोटा देने पर विचार कर रही है ; तथा

(ग) यदि हां, तो इस बारे में कब तक विनिश्चय होने की आशा है ?

The Minister of Commerce (Shri Karmarkar): (a) No such complaint has been brought to the notice of Government.

(b) and (c). If a request in the matter is received, it will be considered and a decision will be reached without delay.

AUTONOMOUS CORPORATIONS

312. **Shri Sinhasan Singh:** Will the Minister of **Production** be pleased to state:

(a) the number and names of autonomous corporations that have been set up by Government since the 15th August, 1947;

(b) the amount of money, if any, that has been invested by Government and private agencies;

(c) the method of electing directors of these corporations and necessary qualifications required for being so elected or nominated;

(d) to whom the directors of these corporations are responsible; and

(e) how they can be removed and by whom?

The Minister of Production (Shri K. C. Reddy): Presumably the hon. Member desires to have information in respect of State undertakings organised into private limited companies as well as autonomous corporations. The information is being collected from various Ministries concerned and will be laid on the Table of the House in due course.

HANDLOOM FABRICS

313. **Shri Anirudha Sinha:** (a) Will the Minister of **Commerce and Industry** be pleased to state the quantity and value of handloom fabrics exported yearly since 1948 upto June 1953 showing the countries to which exports were made?

(b) What steps, if any, have Government taken through trade representatives abroad to popularise handloom fabrics?

(c) What kind of handloom fabrics are in greater demand in foreign countries?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Statement is attached. [*See* Appendix III, annexure No. 68.]

(b) Sanction has been given for setting up an external marketing organisation for increasing sales of handloom cloth in foreign markets. Officers will be appointed at Colombo, Bagdad, Rangoon and Singapore and will act as a liaison between the Indian exporters and the overseas importers. It is also proposed to open emporia for handloom cloth at Colombo, Rangoon, Singapore, Chittagong, Aden and Bangkok. India Government Trade Commissioners have been asked to open show windows for displaying samples which are supplied through the Textile Commissioner and also effect sales of such samples where necessary.

(c) Lungies, Sarongs. Gamchas. Furnishing fabrics, Bed covers, Table cloth, Napkins, Dusters, Tapestry cloth, Voiles, grey and bleached shirting, Bed spreads, curtains, Towels and Towelling cloth, Ghigham, Rugs, Madras Handkerchiefs and Kinkhabs.

A. I. R. RURAL PROGRAMMES

314. **Sardar Hukam Singh:** Will the Minister of **Information and Broadcasting** be pleased to state:

(a) what are the dialects that are covered by A.I.R. in its rural programmes;

(b) whether it is proposed to cover more dialects in future in these programmes; and

(c) if so, what are the additional dialects that are proposed to be included?

The Minister of Information and Broadcasting (Dr. Keskar): (a) to (c). A statement giving the information is laid on the Table of the House. [*See* Appendix III. annexure No. 69.]

आयात

३१५. सेठ गोविन्द दास : क्या वाणिज्य तथा उद्योग मंत्री यह बताने की कृपा करेंगे कि १९५२-५३ में निम्न वस्तुओं की

कितनी कितनी मात्रा भारत में आयात की गई :

(१) सुरा,

(२) डिब्बों में सुरक्षित भोजनादि की वस्तुएं,

(३) दुग्घ या दुग्ध पदार्थ,

(४) रेशम,

(५) सिगार व सिगरेट,

(६) खिलोने,

(७) प्लास्टिक का सामान ?

The Minister of Commerce (Shri Karmarkar): (i) to (vii). A statement is attached. [*See* Appendix III, annexure No. 70.]

MEDICINAL PLANTS (EXPORT)

316. **Shri V. P. Nayar:** (a) Will the Minister of **Commerce and Industry** be pleased to state the value of medicinal plants and parts thereof exported from India in 1950, 1951, 1952, and 1953 showing the details of the value of exports to each foreign country?

(b) What is the requirement of the Indian Pharmaceutical Industry in Chemicals recovered from plants?

(c) Have Government investigated into the possibility of manufacturing chemicals of plant origin in India and if so, what are the details of such investigation?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) Information asked for is not available, as the exports of medicinal plants and parts thereof are not recorded separately in official statistics.

(b) Information is available only in respect of the following chemicals:—

Chemicals	Approximate Annual requirements.
Quinine and its salts	45,000 lbs.
Ephedrine	300 lbs.
Emetine	250 lbs.
Santonine	1.300 lbs.
Atropine Sulphate	50 lbs.

(c) Yes. Quinine and its salts, Ephedrine, Santonine. Strychnine and its salt, Opium alkaloids. Ergot, Balladonna Extract and Caffeine and its salts are being manufactured in India. Research is also being carried out at the Central Drug Research Institute, Lucknow, on the following medicinal plants reputed to be efficacious in various maladies:

(1) Ailanthus malabarica;
(2) Emblica officinalis;
(3) Achyranthes aspera;
(4) Cissampelos pareira;
(5) Crataeva nurvala;
(6) Nardostachys jatamanshi;
(7) Stephaia glabra;
(8) Caesalpinya digyna;
(9) Centpeda Orbicularis;
(10) Melodinus monogymus;
(11) Cephalandra indica;
(12) Cyclea burmanii;
(13) Rivea Cuneata;
(14) Picrorhiza Kurrea;
(15) Rauwolfia Serpentina;
(16) Rauwolfia Canescens;
(17) Digilalis Lanata.

BHAKRA NANGAL PROJECT

317. **Shri D. C. Sharma:** Will the Minister of **Irrigation and Power** be pleased to state:

(a) (i) the 1947 estimate of Bhakra Nangal Project with regard to the period of construction, (ii) the acreage to be covered by irrigation, (iii) the amount of electricity generation, (iv) the total cost of the Project, and (v) the rate of interest on the loan; and

(b) what is the present estimate in regard to the above items?

The Deputy Minister of Irrigation and Power (Shri Hathi): (a) and (b). The information is being collected from the Project Authorities and will be laid on the Table of the House as soon as possible.

WATER CHARGES RECOVERY CASE OF 'D' DIVISION

318. Shri Ajit Singh: Will the Minister of **Works, Housing and Supply** be pleased to refer to the statement laid on the Table of the House in answer to a short notice question put by Shri R. K. Sidhva on 11th October, 1951 regarding the pamphlet entitled 'Corruption in Central Public Works Department' and state:

(a) whether Government have received the report of the investigations by the Special Police Establishment regarding the water charges recovery case of 'D' Division of the Central Public Works Department; and

(b) if so, what action has been taken in the matter?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) Yes, Sir.

(b) The contractor concerned was prosecuted. but the Court discharged him without framing charges. What punishment, if any should be awarded to the Government servants in the case, in the circumstances, is under examination.

STORM WATER DRAINS IN PATEL NAGAR

319. Shri M. S. Gurupadaswamy: Will the Minister of **Works, Housing and Supply** be pleased to refer to the answer to unstarred question No. 413 on the 24th August, 1953, regarding storm water drains in Patel Nagar, New Delhi and state:

(a) the estimated, tendered and finally paid amounts of the several parts of the work, into which it was split up; and

(b) the reasons for splitting the work into seven parts for its execution?

The Minister of Works, Housing and Supply (Sardar Swaran Singh: (a) A statement is placed on the Table of the House. [*See* Appendix III, annexure No. 71.]

(b) Possibility of getting more competitive rates.

JUTE IMPORT FROM PAKISTAN

320. Shri L. N. Mishra: (a) Will the Minister of **Commerce and Industry** be pleased to state the quantity of jute imported from Pakistan to India after the last Indo-Pakistan trade agreement?

(b) How does this figure of import compare with the figures of import for the last three years?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) and (b). A statement showing the quantity of raw jute imported from Pakistan during the period from 1st July, 1953, when the Agreement came into force and the 30th October 1953 and also for the corresponding period in the previous three years is attached. [*See* Appendix III, annexure No. 72.]

INDUSTRIAL HOUSING SCHEME

321. Shri Nanadas: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the names of the industrial organisations which have been given grants for industrial housing schemes during the current year; and

(b) what is the amount distributed in the Andhra State?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). Two statements giving the required information are laid on the Table of the House. [*See* Appendix III, annexure No. 73.]

WORKS IN PATEL NAGAR

322. Shri A. N. Vidyalankar: Will the Minister of **Works, Housing and Supply** be pleased to state:

(a) the names of the works in Patel Nagar, New Delhi, in which items of "blasting of stone" were paid to the contractors by the Executive Engineer, Rehabilitation Division No. II, C.P.W.D.;

(b) the quantities of this item provided in the sanctioned estimates and the quantities actually paid for against final bills; and

(c) the manner in which the blasted stone has been disposed of?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). A statement is placed on the Table of the House. [*See* Appendix III, annexure No. 74.]

(c) A portion out of it was issued for use at other works and the balance is lying with the Central P.W.D.

KHADI EXHIBITION

323. Shri Muniswamy: (a) Will the Minister of **Commerce and Industry** be pleased to state whether it is a fact that the All-India Khadi and Village Industries Board is organising an exhibition in Delhi, scheduled to be opened towards the end of February 1954?

(b) How far the development of Handloom Industry will be exhibited in this exhibition?

(c) What are the other major Village Industries that would find a place in the exhibition?

The Minister of Commerce and Industry (Shri T. T. Krishnamachari): (a) The matter is under consideration.

(b) The Handloom industry does not fall within the purview of the proposed Exhibition.

(c) Khadi, Palm-gur, Oil-crushing by ghani, hand-pounding of rice, bee-keeping, leather-tanning, cottage matches, soap-making from non-edible oils, *gur* and khandsari, ceramics and fibre.

Dated....25.11.20

THE

PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

HOUSE OF THE PEOPLE

Monday, 7th December, 1953

The House met at Half Past One of the Clock

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

2-35 P.M.

PAPERS LAID ON THE TABLE

STATEMENT SHOWING ACTION TAKEN BY GOVERNMENT ON VARIOUS ASSURANCES, PROMISES AND UNDERTAKINGS GIVEN DURING VARIOUS SESSIONS.

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given during the various sessions shown against each:—

(1) Supplementary Statement No. II — Fourth Session, 1953 of the House of the People.

[*See* Appendix VII annexure No. 9]

(2) Supplementary Statement No. VII — Third Session, 1953 of the House of the People.

[*See* Appendix VII annexure No. 10]

(3) Supplementary Statement No. VIII — Second Session, 1952 of the House of the People.

[*See* Appendix VII annexure No. 11]

(4) Supplementary Statement No. IX — First Session, 1952 of the House of the People.

[*See* Appendix VII annexure No. 12]

(5) Supplementary Statement No. VIII — Third Session, (First Part) 1950 of the Provisional Parliament.

[*See* Appendix VII annexure No. 13]

PATENTS BILL

The Minister of Commerce (Shri Karmarkar): I beg to move for leave to introduce a Bill to amend and consolidate the law relating to patents.

Mr. Speaker: The question is:

> "That leave be granted to introduce a Bill to amend and consolidate the law relating to patents.

The motion was adopted.

Shri Karmarkar: I introduce* the Bill.

INDIAN PATENTS AND DESIGNS (AMENDMENT) BILL.

The Minister of Commerce (Shri Karmarkar): Sir, before I move this motion, I think it is proper to ascertain the wishes of the House. This relates to the same subject as the earlier Bill which I just introduced and which is a comprehensive measure. This Bill touches only one section in the Act. If the House so desires, we have no objection to take up this also along with the other Bill just introduced in the House.

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*Introduced with the recommendation of the president.

Mr. Speaker: I could not make it out what he intends. He means that this should be postponed at present?

Shri Karmarkar: No, Sir, but if it is the desire of the House, we are amenable to that desire, lest it be said 'Since you have brought forward a comprehensive measure, why are you in a hurry to get this passed?'

Mr. Speaker: He need not anticipate difficulties.

Shri Karmarkar: Sir, I move......

Mr. Speaker: This matter, as to what time will be required for this Bill, was considered by the Business Advisory Committee, and in view of the statement made in the Statement of Objects and Reasons that:

> "This section does not include insecticides, fungicides or germicides and this omission is proving an obstacle to the early establishment of factories for the manufacture of the above articles",

the Business Advisory Committee thought that the Bill is of a purely formal nature and need not take any time at all, and should be taken up. Now, it is for Government to decide as to whether they will postpone the consideration of this Bill and postpone the further establishment of factories.

Shri Karmarkar: We would like to go ahead.

The Prime Minister and Minister of External Affairs and Defence (Shri Jawaharlal Nehru): We do not postpone. We will go ahead.

Shri Karmarkar: I beg to move:

> "That the Bill further to amend the Indian Patents and Designs Act, 1911, be taken into consideration."

Sir, this is a short Bill and the background of this legislation is, briefly, as follows. The House is aware that in the autumn session of Parliament last year an amendment was made to our law relating to patents by inserting a new provision, namely, section 23CC to the Indian Patents and Designs Act, 1911, with a view to empower the Controller of Patents and Designs to grant liberal working licences to the interested parties in respect of patents for food, medicines, surgical or curative devices at any time after a patent has been granted on terms and conditions to be determined by him. On that occasion, Sir, some Members were anxious to know the action taken by the Government on the recommendations of the Patents Inquiry Committee. I have just introduced a comprehensive Patents Bill which incorporates most of the important recommendations of the Committee.

Sir, the House would appreciate that it would take sometime for the comprehensive Bill which involves a complete everhaul of the present legislation perhaps and may necessitate a Motion for reference to a Joint Select Committee to be passed by Parliament. In the meanwhile, it has become necessary for us to make an amendment to section 23CC of the Act for the purpose of vesting the Controller of Patents and Designs with powers to grant compulsory licences for the manufacture of insecticides, fungicides etc.

Considering the vital part that agriculture plays in our economy, it is most important that the manufacture of these insecticides etc. on a large scale should be encouraged and that we should not allow any loophole in our legislation which can be exploited by the interested people. It is for this purpose, Sir, that it is proposed to take powers to enable the Controller to issue licences for these articles exactly in the same manner as for food, medicines and surgical and curative devices.

Sir, clause 2 of the Bill is intended to enlarge the scope of the existing section 23CC of the Indian Patents and Designs Act, 1911, so as to include insecticides, germicides and fungicides along with food and medicine.

Clause 2(d) of the Bill is intended to insert a new sub-section, namely, sub-section (4) in the existing section 23CC, to equip the Government with the necessary powers by enabling them to notify from time to time the particular category of articles in respect of which they consider that the Controller should exercise the powers under section 23CC. The House will appreciate that it is impossible to draw up an exhaustive list of the articles for which it may be necessary for the Controller to grant in future compulsory licences so that articles are produced and made available to the public at lowest prices consistent with the patentee deriving a reasonable advantage from his rights under the patent.

Sir, the amendment of which notice has been given by my senior colleague actually seeks only to clarify some ambiguities in the Bill. As I pointed out last year, in some countries such as Japan and Germany, articles like food, medicine and curative devices have been kept outside the scope of the patent law. We, Sir, however, have no intention to prohibit the grant of patents to inventions in the field of food, medicine, insecticides, germicides and fungicides etc. . Indeed we want our scientists and technical men to play their part and to invent more and more in these fields. At the same time, Sir, I hope that all sections of the House will agree with me that where patents for these articles are secured, it should not be allowed to be exploited to the detriment of the national interests. It may be asked that the powers sought to be taken under sub-section (4) are far too sweeping in nature and are likely to discourage our inventors from taking out patents for their inventions because they may fear that Government may take away all the fruits of their inventions by the issue of notifications such as are mentioned in the sub-section. I may, however, assure the House that such apprehensions are absolutely unfounded. Provision has been made in the Bill that before a notification directing the issue of a licence can be issued, the Central Government must apply its mind and satisfy itself that it is expedient or necessary in the public interest that a licence under the patent should be granted. Even after a notification has been issued, the Controller has to satisfy himself regarding (a) that the article should be available to the public cheaply and (b) that the patentee is assured of a reasonable return for his patent. In other words, Sir, while we are anxious that the articles in respect of which special powers have been taken should be made available to the public at reasonable rates, we are also equally solicitous of the interests of the inventor and have made a specific provision that in settling the terms of the licence, the Controller must ensure that the inventors get reasonable compensation.

[MR. DEPUTY-SPEAKER *in the Chair*]

Sir, I feel that the Bill is non-controversial in nature and in view of its direct bearing on the public health and hygiene of the country, I hope that the House will accept it without much discussion.

Mr. Deputy-Speaker: Motion moved:

> "That the Bill further to amend the Indian Patents and Designs Act, 1911, be taken into consideration."

Shri N. C. Chatterjee (Hooghly): Sir, may I have clarification on one point? The Statement of Objects and Reasons says that powers are being taken just as in England they have taken power under section 41 of the English Patent Act of 1949. Now, everybody would welcome, Sir, that the law should be modified. Under the English Patent Act as it stood, claims for substances in respect of food and medicine were not permissible. It was however, possible to obtain claims for the method or process of manufacture of such substances. The English law has been changed. Now, in England, under the Patent Act, it is thus possible for claims for substances intended for food and medicine and to have some kind of licences. I take it, Sir, that this

[Shri N. C. Chatterjee]

Government also intends the same. I find that sub-clauses (a) (b) and (c) of clause 2 have been copied from the English law, section 41. I think I am right when I say that and I hope the hon. Minister will correct me if I am wrong. It says,

> "Without prejudice to the foregoing provisions of this Act, where a patent is in force in respect of (a) a substance......" and (b) and (c) and so on.

There are 3 sub-clauses, (a) (b) and (c), and it says.

> "the Controller shall, on application made to him by any person interested, order the grant to the applicant of a licence under the patent on such terms as he thinks fit," .

Therefore, Sir, he is entitled to a compulsory licence. But, certain safeguards are provided. What I cannot follow, Sir, is an amendment which has been suggested by the hon. Minister. Am I to understand that that amendment is going to be insisted upon? Is the Minister going to insist that clause 2 be amended by inserting something in place of lines 22 to 26? There is notice of an amendment, Sir. I may just point out that something is being sought to be put in which is neither sense nor grammar nor English nor law. I hope, Sir, the Minister will not insist on that. Clause (3) of the English statute is important. Sub-clause (3) says,

> "A licence granted under this section shall entitle the licencees to make, use, exercise and vend the invention as a food or medicine......"

Shri Karmarkar: May I interrupt my hon. friend for a moment? Is he referring to the amendment that has been tabled?

Shri N. C. Chatterjee: Yes; am I to understand that the hon. Minister is insisting on that?

Shri Karmarkar: Yes.

Shri N. C. Chatterjee: Sir, I am pointing out that that is not a desirable amendment. Just like section 41 of the English Act which they have copied verbatim, they have copied sub-clause (3). Sub-clause (3) of that section says:

> "A licence granted under this section shall entitle the licensee to make, use, exercise and vend his invention as a food or medicine or for purposes of the production of food or medicine or as part of the radical or imperative devices......"

That is a good safeguard. It follows, Sir, that the power is rather wide, Immediately an application is made for a compulsory licence, that shall be granted. The onus is on the patent holder to say that the licence shall not be granted. Therefore, if such a compulsory licence is granted, it is only right, as they have done it in England that the licence should be used only for the specific purpose of using it as a food or medicine or for the purpose of production of food or medicine.

Now, it is difficult to follow this amendment. I hope the hon. Minister will explain it. Now, that (3) is being deleted and in its place these words are being inserted:

> "that the provisions of sub-section (1) and sub-section (2) respecting the grant of licences and settling of the terms thereof, in so far as they can be made applicable, shall apply to such a patent, and on the issue of such a notification the said provisions shall apply accordingly."

If you look at sub-sections (1) and (2), there are really no provisions respecting grant of licences or settling terms thereof. I do not follow what is meant by it. Why delete or affect the present provision in clause (3). The provision there is this; 'I will give you a compulsory licence but you shall only use it for a specific purpose.' I think, Sir, it is only fair that if you copy the English Act, you should copy it properly. Why are you omitting (3)?

A man applies for a licence and he gets a compulsory licence. What for? For the purpose of food, for the purpose of medicine etc. Then, when you say in (3), following the English law, that it can only be used for the specific purpose and for no other purpose, why not follow that. Now, you are putting in a suggestion which must fit in.

> "That the provisions of sub-section (1) and sub-section (2) respecting the grant of licences and settling the terms thereof......in so far as they can be made applicable. shall apply to such a patent",..."

I don't know wherefrom the draftsman has got it. This is not a desirable amendment; it will create more ambiguity and it will be cumbersome and impracticable.

Shri Karmarkar: I regret I have again to interrupt my hon. friend. I am not able to follow the exact tenor of his argument. My hon. friend will note that there are 3 clauses in section 23CC, in the Act. These are purely additional in the sense that by (a), in sub-sections (1) and (3) for the words 'food and medicines' wherever they occur, the words, "food, medicines, insections, germicides, fungicides" shall be substituted. By (b) again, an addition is made by including 'invention.' Thus we are adding to the tenor of the whole Section. If my hon. friend will read the fresh amendment correctly,—it applies only to lines 22 to 26 of the Bill as we originally brought n—he will find that it is a very reasonable amendment and absolutely necessary in the circumstances. We are not at all taking away anything from the original Act and the patent will have to be applied for the purpose for which it was originally invented.

Shri N. C. Chatterjee: I am thankful to the hon. Minister. That means that the whole safeguard will continue.

May I know, Sir, from where this sentence will be substituted—from which line?

Shri Karmarkar: From line 22. It will read like this—

> "Where a patent other than a patent referred to in sub-section (1) is in force in respect of a substance or process for producing a substance and the Central Government is satisfied that it is expedient or necessary in the public interest that a licence under such a patent should be granted, the Central Government may, by notification in the Official Gazette, direct",—(and after that the amendment commences)— "that the provisions of sub-section (1) and sub-section (2) respecting the grant of licences and settling of the terms thereof in so far as they can be made applicable, shall apply to such a patent, and on the issue of such a notification the said provisions shall apply accordingly."

Otherwise, Sir, what might have been meant by this is that if there is any other invention apart from food, medicine, etc., that new invention shall be applied for the same purposes mentioned in sub-sections (1) and (2), which would not make correct reading. In fact, the present amendment is to be an improvement on the present measure.

Shri N. C. Chatterjee: Therefore, Sir, I take it that the Parliament is assured that the original purpose shall continue and the safeguard shall continue.

Shri Karmarkar: Yes, Sir, in so far as it may be applicable.

Shri N. C. Chatterjee: Thank you for the assurance.

Shri V. P. Nayar (Chirayinkil): I was really amused when the hon. Minister said that this Bill could also go among with the other Bill introduc-

[Shri V. P. Nayar]

ed today. You will remember, Sir, that the Bill which has been introduced today has been introduced after several promises have been made to this House right from 1950 onwards. Every time when an amending bill to this law of Patents was brought before the House, Government used to say that they would bring in a comprehensive bill, taking into account the recommendations of the Enquiry Committee which will enquire into the various aspects of the law of Patents. We are thankful to the hon. Minister for bringing the Bill at least now, but he made an attempt to show that it was a very innocuous Bill and it is a non-controversial Bill. I am sorry I cannot share that view because our experience has been that the law of Patents in India was always working to the advantage of certain foreign nationals—a fact which was admitted by the hon. Minister during the speech which he made last time when the amending Bill was under discussion. He said "that the changes effected in the law were due to various vicissitudes. The law, as passed, had not taken into account all the national requirements as it could have done from time to time." I ask, Sir, what is the object of bringing forward this Bill at this time when Government have admitted time and again that a fundamental change in the law is absolutely essential. I am unable to agree with the Minister because I think that if this Bill is to be passed, there is some danger. For example, take the case of insecticides or fungicides. You will find in the Statement of Objects and Reasons that "this section does not include insecticides, fungicides or germicides and this omission is proving an obstacle to the early establishment of factories for the manufacture of the above articles." It is something very confusing to me, because we know that there have been many patents for insecticides, fungicides and germicides. You will remember that when the discovery of D.D.T. was made, it was heralded as an infalliable remedy, but we have no less mosquitoes now than before the discovery of D.DT. Government have completely missed this aspect of the matter. Again, going into the question of fungicides, you will find a very interesting answer given by the hon. Minister's colleague, the Minister for Food and Agriculture, on the 17th November 1953. The question was from Sardar Hukam Singh—I am reading the answer from the uncorrected proceedings of the House—and the Minister for Food & Agriculture replied that "the experiments are being conducted at a number of centres in India including the Central Rice Research Institute, at the instance of the Imperial Chemical Industries Ltd." I ask the hon. Minister, Sir, this question. If you enlarge the scope of the present section, how will it affect the Imperial Chemical Industries? You know that there is a fungus disease which is taking a heavy toll in several parts of India where rice is under cultivation. The Government of India itself has not done any original research in this matter and the Imperial Chemical Industries—we know that it is a powerful international combine which is very much entrenched in this country also—with the help of Government was going about with the research in this matter. The hon. Minister also said that certain facilities were given to that combine; they have not submitted a report. My suspicion is that if the Imperial Chemical Industries say that they have found a very effective remedy, then we are inclined to use it. That is what we have been doing and that is exactly the case with D.D.T. where a Swiss firm came and spoke so much in praise of the D.D.T. as made us think that there would be no longer any mosquito here. As the hon. lady Member over there, says that malaria is still continuing in spite of the use of D.D.T. My point is that because you are enlarging the scope of this section, you are also giving a long handle into the hands of foreign firms like the Imperial Chemical Industries, Lever Brothers and others. Take for cample a germicide product and suposing Lever Brothers want to exploit iis product, do you think you can ave any Indian firm to compete with iem? It was only recently that we ound a series of advertisements by ie Indian Soap Manufacturers' Asociation that the net sales of Lever rothers amounted to Rs. 2200 crores year, and you will understand that is five times the Indian budget. With ich a powerful combine if you throw pen a patent and ask somebody else ere also to manufacture, how can he mpete with that combine? Very cently, there has been an attempt to volve some very potent insecticide, ngicide or whatever it is. The aplication of the law of Patents has een made in such a way that Indian enius cannot thrive and Indian manuicturers cannot thrive in competition ith foreign manufacturers, whom overnment are patronising very iuch. It is precisely stated here whenever it is necessary or expedient ı the public interest to do so, to aply the provisions of this section......" ask the hon. Minister this question. ow many cases have there been bere when in public interest Government have given such patents? There iust be some record somewhere. Even you throw open to certain private ianufacturers the use of the patent iat has been evolved by somebody se, it is not possible for the econoiy of this country at present to compete with those foreign vested inrests unless you completely throw iem out. I may point out to the hon. inister that yesterday, I had the isfortune to buy a small medicine hich holds the patent—Indian Patent o. 41, 41(1948). It is manufactured a firm which. I believe, is an merican Firm—Lederle Laboratories ndia) Ltd., and the medicine is styll "Aureomycin, Hydrochloride—Cryalline—Spersoids." I was very much irprised to see that it was a small al of powder. It will have about ilf an ounce of powder, and it is preribed for a cold for an infant. It sts Rs. 13. Are the Government epared to give this patent right like to other manufacturers here? Last time they passed a Bill. There are so many medicines for which patents are held by foreign manufacturers, and which Government have not allowed other manufacturers to manufacture. Under such circumstances, Sir, it is not desirable to consider this Bill.

3 P.M.

The hon. Minister, when he was moving for consideration of the Bill, said that he was not very much interested in pressing this. Then, why was it necessary to have this Bill placed on the agenda and write out in the statement of objects and reasons that this omission of a section is hampering the starting of factories? Who sought permission from you to start factories? Is it not a fact that foreign interests also wanted to start factories in India? Is it not also a fact that you have refused permission to some of the Indian manufacturers to manufacture especially the antibiotics and other medicines like penicilline? While you are continuing this policy, what is the good of bringing forward this legislation, except just to show that hereafter there is a legal sanction for the exploitation of patents? I say, Sir, that this House should not be treated in such a trivial manner—a Bill being introduced once, and later on, a comprehensive Bill being brought forward after so many promises made and broken. I think, Sir, this is a very undesirable practice. I have nothing more to add.

Shri S. S. More: I want to seek some information. It has been said in the statement of objects and reasons that "this omission is proving an obstacle to the early establishment of factories for the manufacture of the above articles." Will the Government be pleased to supply us the necessary information about such factories? Are any potential promoters of factories seeking permission for patents? Or, have anybody refused to start factories producing these particular articles of medicines for want of patents? Whether these factories or companies keen on

[Shri S. S. More]

producing these articles, are indigenous or of foreign origin? Information about these points will be useful. Otherwise, in the light of the speech which my hon. friend made just now, this Bill has become a suspect in our eyes. We want to know whether it is the desire, in the name of public interest, to benefit some foreign concerns which might have a sort of monopoly for the manufacture of certain articles which may eventually throttle our Indian production. Information on all these things is absolutely essential, and the House should be kept in possession of these materials before it is asked to give its final verdict.

Shri Karmarkar: Sir, I have listened to the speech of my esteemed friend, Mr. Nayar, and at the end of his observations, I was really at a loss to know as to what points are to be replied to in his speech. I felt that when we are dealing with such a measure as this, this is not the time when we should answer such a question as his because, I feel all the time that has been taken to introduce this Bill had to be taken in order to study, as carefully as possible, all aspects of the law of patents and designs.

The only point that Mr. Nayar wanted to make on this subject is this. Even under this category of medicine, it will be again the foreign concerns that will profit. If I have understood him aright, I think that was his point.

Shri V. P. Nayar: In view of the fact that they are having colossal capital at their disposal, they alone can take advantage of this. That is my point. That is precisely the reason why I pointed out the instance of a germicidal soap for which the Lever Brothers may hold a patent. It is not possible for Indian manufacturers, even if they wish to manufacture it. What is the effect of this?

Shri Karmarkar: The effect of this will be in respect of germicides, insecticides and fungicides, as in respect of food and medicine, if the Government comes on the scene, it will be a compulsory licence, in the sense that that particular patent will be disclosed to the public. Even from that point of view, it does not make a distinction. We do not make a distinction between foreign origin industry and a local origin industry, which my hon. friend wants to make. It is not our policy to make a distinction that way. But I am quite sure that my hon. friend can easily appreciate the fact that the main object in the issuing of compulsory licence is this: just as in Germany —they do not have patents at all in respect of inventions on food and medicines, but we don't want to go so far —we issue a patent, and even in respect of this, the Controller, in his discretion, will have the power to issue a compulsory licence, which virtually means that the rights given will be made available to the public. That is precisely the import of this measure. Last time, when I came up with the amending Bill, my friend mistook the law of patents and designs for patents and medicines, and he cited an example. This time also, I think he did not exactly gauge the import of this Bill. The import of this Bill is precisely the conclusion which my hon. friend would like to have, namely, patents to Indian manufacturers. That is precisely the intention.

Shri V. P. Nayar: There is no doubt about it. But what I said was, that in effect, this will not help the Indian industry, because it will not be possible for them to compete with the foreign manufacturers who are here in India. The advantages will not be equal in effect.

Shri Karmarkar: I understand that. But I will resist the temptation of going into that now. and as the hon. Member knows, that goes to the root of the question which almost every day the hon. Member raise. That is absolutely another subject to which I need not deviate while on a consideration of this Bill. This Bill, as I said, is purely an innocuous measure. It simply wants to make an inroad into the patent rights of inventors who have made inventions in respect of food and medicine, and who want our help more and more. Not only that. In respect of every article where Government are satisfied that a compulsory licence would serve the cause of the country better that a patent can give. even in such cases, we have powers to ourselves. In fact, I think it should be precisely the point of my hon. friend......

Shri V. P. Nayar: I would like to know how many patents have been thrown open for others, since the passing of the last Bill, till now?

Shri Karmarkar: I shall try to find out and supply the information. It is not ready with me at the moment. But, Sir, that does not exactly weight on the relevancy of this Bill. If, on merits, my friend is agreed that this is a wholesome measure, the fact that there were applications for such patents should not detract us from the major purpose of this Bill. On the other hand, it should be a point for my hon. friend that Government will be more vigilant in the future and exercise fullest care in this Bill.

The point raised by my esteemed colleague, Mr. Chatterjee, was really a relevant point, and that was the only point that I wanted to make clear. In fact, I must thank him, because that saves me from another speech at the time of introducing the amendment to the clause.

Mr. Deputy-Speaker: The question is:

> "That the Bill further to amend the Indian Patents and Designs Act, 1911, be taken into consideration."

The motion was adopted.

Clause 2.—(*Amendment of section 23CC. Act II of* 1911)

Shri Karmarkar: I beg to move:

In page 1, for lines 22 to 26, substitute:

> "that the provisions of sub-section (1) and sub-section (2) respecting the grant of licences and settling of the terms thereof, in so far as they can be made applicable, shall apply to such a patent, and on the issue of such a notification the said provisions shall apply accordingly."

Mr. Deputy-Speaker: The question is:

In page 1, for lines 22 to 26, substitute:

> "that the provisions of sub-section (1) and sub-section (2) respecting the grant of licences and settling of the terms thereof, in so far as they can be made applicable, shall apply to such a patent, and on the issue of such a notification the said provisions shall apply accordingly."

The motion was adopted.

Mr. Deputy-Speaker: The question is:

> "That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

Shri Karmarkar: I beg to move:

> "That the Bill, as amended, be passed."

Mr. Deputy-Speaker: The question is:

> "That the Bill, as amended, be passed."

The motion was adopted.

RESERVE BANK OF INDIA (AMENDMENT AND MISCELLANEOUS PROVISIONS) BILL—*Contd.*

The Deputy Minister of Finance (Shri A. C. Guha): I beg to move:

> "That the Bill further to amend the Reserve Bank of India Act, 1934 and to make special provisions in respect of certain high denomination bank notes, be taken into consideration."

The main purpose of this Bill is to provide more facilities for rural agricultural credit by the Reserve Bank of India. I think it would be proper for me to give a background of the activities of the Reserve Bank of India in this direction. Practically from the beginning of the Reserve Bank, this was one of the main fields of the activities of the Reserve Bank. In 1935, the Rural Credit Branch of the Reserve Bank was started with three separate sections including research and statistics. Since then, it has been going on expanding its activities as regards the provision of facilities for agricultural and rural credit. When last time the Reserve Bank (Amendment) Act was passed in 1950, some hon. Members raised the question of further extending the activities of the Reserve Bank in the field of rural and agricultural credit facilities. The Finance Minister gave a sort of assurance that he would get this matter examined and if possible, a further amendment of the Reserve Bank Act would be effected so that the Reserve Bank might give greater facilities for rural credit.

In pursuance of that assurance of the Finance Minister, the Reserve Bank set up an informal committee in 1951 to examine this matter. It was a committee of experts and I think Prof. Gadgil presided over it. This informal committee of economists made certain recommendations, and these may be divided into two categories. Certain recommendations emanated, which may be broadly categorised as those requiring amendment of the Reserve Bank Act and others were of an administrative character and did not need any legislative measures. The Reserve Bank naturally examined these recommendations and gave effect to some of the recommendations which did not require any amendment of the Reserve Bank Act.

In this case, the Reserve Bank has undertaken a comprehensive survey, on all-India basis, into the present conditions and requirements of rural finance. A standing advisory committee has been set up to advise the Reserve Bank on matters pertaining to agricultural credit with a view to rendering the Bank's activities in respect of agricultural credit increasingly effective. The Reserve Bank is giving active assistance to the State Governments in tackling problems of rural credit—particulary in regions which are comparatively less developed. I think hon. Members would recall that under all these provisions the Reserve Bank has been advancing money and they have already done so to the tune of about Rs. 12 crores to provincial co-operative banks, for seasonal agricultural operations. That is done under Section 17 of the Reserve Bank Act. Certain other activities are to be undertaken now and it has been decided to amend the Act accordingly.

In the present amending Bill, we want to widen the scope of seasonal agricultural operations, and that is done in Clause 3(a) of the Bill. Here we are simply widening the definition of the terms "agricultural operations", "crops" and "marketing of crops". So long, agricultural operations and crops have been limited to mean the real agricultural products, mostly cereals. But now, by widening the definition of these terms, we are intending to extend the scope of agricultural operations to include animal husbandry and crops would have a wider meaning. This clause seeks to add an Explanation which reads thus:—

> "*Explanation.—For* the purpose of this sub-clause,—
>
> (i) the expression "agricultural operations" includes animal

husbandry and allied activities jointly undertaken with agricultural operations;

(ii) "crops" include products of agricultural operations;

(iii) the expression "marketing of crops" includes the processing of crops prior to marketing by agricultural producers or any organisation of such producers."

After this amendment, animal husbandry when done along with agricultural operations—or when what may be called mixed farming is done—it would come under the operation of the Reserve Bank Act for the purpose of getting rural credit facilities from the Reserve Bank. Similarly, the products of animal husbandry and the processing of the same would come under the operation of the same clause. hon. Members are aware that the production of ghee etc. would come within the definition of marketing as processing. We have said that marketing of crops includes the processing of crops, and crops would also include the products of animal husbandry. So, all these would come within the purview of the Reserve Bank Act.

Then we are providing here for loans for cottage and small-scale industries. That is done by clause 3(b). So long, the Reserve Bank was not advancing any money for small-scale or cottage industries. The House will recollect that for some time now, particularly in view of the developing problem of unemployment, Government have decided to give more emphasis to cottage and small-scale industries. So, the Reserve Bank would now be in a position to provide funds for this sort of industry also, and that is to be done through the State co-operative banks and also State Finance Corporations. Very recently, in this House a question was asked about the activities and formation of State Finance Corporations. About two years ago, an Act was passed by the House, enabling the different State Governments to set up State Finance Corporations, but as yet not much progress has been made in this matter by the different States. I hope that under this provision the State Finance Corporations would be in a position to get loans from the Reserve Bank. It will give a fresh impetus to the different State Governments towards the formation of State Finance Corporations.

In this Bill, we are also trying to provide intermediate loans through State co-operative banks from 15 months to 5 years. So long, it was only a short-term loan that was provided by the Reserve Bank for seasonal agricultural operations and loans could be advanced only for three months. But now we are providing that medium-term loans also may be provided by the Reserve Bank through the State co-operative banks and the period of such advances would vary from 15 months to 5 years. The limit up to which the Reserve Bank could advance to State co-operative banks is Rs. 5 crores.

Then there is another provision by which the Reserve Bank could advance loans to the Industrial Finance Corporation. Some time ago this House passed an amendment to the Industrial Finance Corporation Act which in section 21 provided that the Corporation would be entitled to get loans from the Reserve Bank. That was only so far as the responsibility of the Industrial Finance Corporation was concerned. But there was no corresponding provision in the Reserve Bank of India Act authorising the Bank to advance loans to the Industrial Finance Corporation, though for some time it was advancing some money to the Corporation. Now, we are providing in this Bill that the Reserve Bank should be entitled to give loans to the Industrial Finance Corporation. In regard to short term loans the Reserve Bank could advance any amount; but in regard to medium term loans there is a time limit of 18 months. A limit is also fixed on the maximum of the

[Shri A. C. Guha]

amount that could be advanced, that is Rs. 3 crores. This is as far as credit facilities to be offered by the Reserve Bank for rural and agricultural credit and also to the Industrial Finance Corporation for the industrial development of the country.

Then there are other provisions in the Bill which are more or less of an administrative nature. But before I go to those provisions. I should mention here that there is a provision in clause 4 for having higher denomination notes. Hon. members will recollect that in 1946 an ordinance was issued banning all notes of denomination higher than Rs. 100. All higher denomination notes were recalled by Government and cancelled. Only notes of that value of Rs. 1 crore and 25 lakhs have not come back to the Reserve Bank. All other notes issued by the Reserve Bank prior to the promulgation of the ordinance came to the Reserve Bank and they have been cancelled. It is difficult to say what has happened to a little over Rs. 1 crore notes of higher denomination value. Some might have been eaten up by white ants; others might have been hoarded somewhere or others lost.

An Hon. Member: Also black ants.

Shri A. C. Guha: I do not think any large number of them might be with black marketeers. There is now much pressure on Rs. 100 notes the highest denomination note which is now prevalent. Government have received several representations from different business chambers, Indian Banks' Association, Bombay and Calcutta, Exchange Banks' Association, Bengal Banks' Association, the Imperial Bank of India, Federation of Indian Chambers of Commerce and Industry, Bengal Chamber of Commerce, etc. So, Government intend issuing higher denomination notes. All preparations have been made and Government is just waiting for the passage of this measure for the issue of higher denomination notes.

I should like to point out here that the Ordinance of 1946 is not repealed by this measure. Any note of higher denomination issued prior to the promulgation of that ordinance will still be considered to be banned. Only notes issued after the passing of this Act would be considered to be legal tender.

Clause 3 is of a purely administrative nature. In the present Act it has been mentioned that when the Governor is absent the Deputy Governor, authorised by him in his behalf in writing, may vote for him. The wording here is somewhat ambiguous. Absent may mean absent from India, or absent on account of serious illness. But there may be other reasons also for which the Governor may not be in a position to attend a meeting of the Reserve Bank. In such cases under the present provision of the Act the Deputy Governor is not entitled to take part in the meeting or exercise his vote. We are providing here that provided that the Governor for any reason is unable to attend any such meeting the Deputy Governor authorised by him in this behalf in writing may vote at that meeting. This provision is meant only to remove an administrative difficulty.

Under clause 6 scheduled banks are given some more facilities for having greater amount of money with them. Under the present provision of the Act all scheduled banks are entitled to take some loans from the Imperial Bank. But according to the Banking Companies Act every bank must deposit 5 per cent. of that loan with the Reserve Bank. So 5 per cent. of any loan taken by a scheduled bank from the Imperial Bank has to be deposited with the Reserve Bank. By this amendment we are removing that responsibility from the scheduled banks. This will place greater amounts with the scheduled banks for their banking operations.

When the Reserve Bank Act was passed we had only four branches, Delhi, Madras, Bombay and Calcutta, and the foreign exchange business of the Bank can be done under the present Act only through these four branches. Now we have got other branches at Bangalore and Kanpur. Very soon the Bank intends opening branches in other cities too. According to the present Act these branches cannot do any foreign exchange work. We are removing that difficulty and providing that any branch authorised by the Central Government would be entitled to transact foreign exchange business.

I think I have covered almost all the points which Government want to implement by this Bill. The most important part of it is the provision of rural credit as also credit for cottage industries and small scale industries. I hope the House will be pleased to pass this Bill. It is a simple and non-controversial Bill, and all the provisions are to be welcomed from the point of view of our present economic position, particularly from the point of view of our agricultural economy and the economy of small-scale and cottage industries.

Shri Raghavachari (Penukonda): Nothing has been said about the intended protection against legal action.

Shri A. C. Guha: That is only an administrative matter.

Mr. Deputy-Speaker: Motion moved:

> "That the Bill further to amend the Reserve Bank of India Act, 1934 and to make special provisions in respect of certain high denomination bank notes, be taken into consideration."

Shri B. Das (Jaipur-Keonjhar): Sir, this is the fifth year of the State ownership of the Reserve Bank. In the fifth year I find the Reserve Bank has got its wisdom teeth and is trying to be of national service to the people of India. But unfortunately it wants a wet nurse and therefore it must cuddle to the Imperial Bank of India. The Imperial Bank of India, which was started almost a century ago by the foreign rulers and foreign merchants in India and which exploited India to its maximum capacity, still continues. And it becomes not only the wet nurse but the principal representative of the Reserve Bank. The Reserve Bank which wants only to be the Central Government's bank and the State Governments' bank, has perhaps little knowledge of banking principles—those principles of banking which my friend cited just now, those things for which the Reserve Bank was demanded in 1934 when it first came into existence. But it was not given effect to.

My friend said it has a Rural Credit Section. I know it has a Rural Credit Section. Some of us, Sir, including yourself, on this side of the House pressed on the then Finance Members that the Reserve Bank should do something about rural credit to help co-operative banks and to help agricultural credit. Under the foreign rule it could not be done. The Imperial Bank of India still continues, throughout upto 1948, even up to this date, as the sole agent of the Reserve Bank. It collects the treasury of all the State Governments. And some of our municipal bodies also think in terms of thirty years ago as if foreign rules are still ruling and the only bank that is existing in India is the Imperial Bank. They all bank their money with the Imperial Bank of India. I am ashamed that I am uttering the word Imperial Bank. Three years ago I insisted on the floor of the House that the Imperial Bank of India should be nationalised alongside with the Reserve Bank of India. As I mentioned only the other day, certain excuses were offered by our the then Finance Minister. They have taken no steps to obliterate from the page of our banking history the word "Imperial". We have dropped the word from the Imperial Council of Agricultural Research which body is now known as the Indian Council of Agricultural Research. I would like to ask the Finance Ministry—I cannot ask my friend Mr. Arun Chandra

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Guha—to explain why they are so chary in not acquiring the Imperial Bank and calling it the Indian National Bank—and not a bank which is exploiting the resources of all those who represent the 'haves' in India.

My friend Shri Guha is now making this wet nurse of the Reserve Bank into something bigger. In clause 6 (amendment of section 42) the Bill says that after the words "the Reserve Bank" the words "or the Imperial Bank of India" shall be inserted. So the Imperial Bank of India—the name stinks in the nose of every patriot, every nationalist—is perpetuated as something which is to the national interest of India!

Then it says that in sub-section (2) the words "other than the Imperial Bank of India" shall be added. The Imperial Bank is still functioning under the old statute, rules and bylaws and it won't give any deposit and demands 5 per cent. and 2 per cent. which the scheduled banks must pay over over-drafts. In the history of India if you and I have been exploited, Sir, it is through the exploitation of this Imperial Bank. Why that bank is given a further banking liberty, I cannot understand. If Government is honest, if the Finance Ministry understands the spirit of the nation—and it is not a new spirit, that spirit I have exhibited on the floor of the House from 1934—they must first nationalise the Imperial Bank and rename it the Indian National Bank or something as long as another scheduled bank does not exist by that name. Thereafter I do not mind the wet nurse of the Reserve Bank being permitted to handle all the resources.

When the 1951 Bill was being discussed I did ask: if the Imperial Bank is one of the scheduled banks in India, why this step-motherly treatment to other scheduled banks? Why should the funds of municipalities and district boards, various State Governments......

Mr. Deputy-Speaker: Are there any provisions relating to the Imperial Bank here?

Shri B. Das: Yes, Sir. I quoted clause 6.

Shri A. C. Guha: There is not any provision regarding the Imperial Bank. It is a provision regarding scheduled banks only, in their business connection with the Imperial Bank.

Shri B. Das: And you are making one scheduled bank boss over all the others and allowing it to carry on its villainous and treacherous activities which it has carried on for the last thirty years or more! That explanation must be given on the floor of this House.

Sardar Hukam Singh (Kapurthala-Bhatinda): That word itself is offensive to my friend.

Shri B. Das: Clause 6 ought not to have been brought in this Bill. If it is essential for the working of this measure to give agricultural credit and credit to cottage industries and co-operative societies it ought to be considered in its full implications. Is there no other bank which has equal status? Of course not equal authority! I must say the Imperial Bank was behaving before 1947 as if it sums up all the essence of knowledge and advice to the imperialists, the colonial government that ruled us. Has it changed its objective? As I told you the other day, I understand that there are 3 or 4 Europeans there. I challenged the other day, and I still ask what happened to the invisible balances that were lying with the Imperial Bank for hundreds of years If today you have got an Indian Governor, I think he will plead ignorance and perhaps he does not know what an invisible balance is or was. This point should be clarified before at least I give my assent to any further enhancement of the privileges of the

Imperial Bank. As long as the Imperial Bank goes on in that way, it will never be nationalised. You may see that some old capitalists of India, old-fashioned bureaucrats who thrived best under the colonial rule, are now the directors of the Imperial Bank. What did they do for the people of India? Has the Imperial Bank given any credit to the rural people of India? It works against them. Today, it is tied neck to neck with the Reserve Bank and this does not permit the Reserve Bank to function as the National Bank. This should be rectified.

I am in agreement....

Mr. Deputy-Speaker: Merely because there is some reference to the Imperial Bank of India, can we go into all these matters? The only reference to the Imperial Bank is that the liabilities of the Imperial Bank must be separated from the liabilities of any other banks in India. We are going into nationalisation of the Imperial Bank, etc.

Shri B. Das: You may not nationalise it. But, why should we give extra liberties? It does not pay any interest on its overdrafts from day to day.

Mr. Deputy-Speaker: I am afraid all this is foreign to the scope of this Bill. We are not going into the working of the Imperial Bank here.

Shri B. Das: There is discrimination against the other Scheduled Banks. The Imperial Bank is selected to be the favourite of the Reserve Bank. This is my view. Let there be a committee of financiers and bankers. I am ready to argue the point; let them convince me on this point. The question is why the Bill should discriminate against 50 or more other Scheduled Banks because of the word Imperial and the European connection? I still believe that those people who have run away to England own shares privately in the Imperial Bank. The point is, there should be no discrimination. If the Reserve Bank is a national bank and has the spirit of serving the nation, it should not discriminate. It deliberately handicaps other Scheduled Banks. I warn the Government of India and all the State Governments. They should patronise all banks that are doing banking business and not a bank that was started 110 years ago, and that has exploited India and left us famishing.

As regards banking facilities to agriculturists, my hon. friend Shri A. C. Guha ought to have explained to the House why the State Governments should give full guarantee for all interest and for all borrowings. The Reserve Bank is not doing any charity to the State Governments. The point to be realised by every one of us who are Members of this House is that we represent the States here. Today, through this Act, the various State Governments, who want money for giving credit to agriculturists and co-operative societies, will have to stand security and give a guarantee for all the interests that are not paid by the co-operative banks or the State Co-operative Bank. I am not speaking of the old Madras Co-operative bank, which is one of the best managed co-operative banks in India. There are others that are living from hand to mouth. There is a little heartlessness in this case to make the State Governments responsible as if they are borrowing it from the Imperial Bank. Of course, it will do some good; but that point should be analysed by the State Governments and by the representatives of the States here.

Clause 8 relates to an amendment of section 58 of the Act of 1934. By this clause, the Governor is getting equal powers or the same power as the Central Board of Directors. Although it is a State-owned bank, a few of the directors are elected. I do not want that the Governor, who is a paid officer of the State, should have equal power with the Central Board of Directors. I think there is a lacuna here and it should be examined by experts a little more

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carefully. We found the other day, in the case of the Industrial Finance Corporation that somehow the Governor or managing director was all too powerful and the Board of Directors were not functioning or coordinating their work. In this case, if you want the Governor to function as the Central Board of Directors, enjoying equal power, why have a Central Board of Directors? We will save a lot of money for the Reserve Bank. The Governor may become autocratic, may make financial mistakes. This is not a new thing in the history of the world. In Germany, in the U.K. Governors of State Banks have committed frauds. It should be explained on the floor of the House why the Governor is going to be given such absolute powers and it is the Parliament from which the Governor should get the authority. That is the point that we have to examine and cogitate.

Otherwise, I support the main principles of the Bill, but not in the sense of widening the power of that nasty bank known as the Imperial Bank of India until it is nationalised.

Shri N. C. Chatterjee (Hooghly): Mr. Deputy-Speaker, if the Business Advisory Committee had known that the Father of the House is going to speak, possibly, they would have allotted some more time to this measure. The Imperial Bank has been imperially dealt with and I do not want to add anything more. It is certainly an anachronism today in the Republic of India that the Imperial Bank is functioning and it is high time that at least the appellation is changed and it is made to subserve the national interests in the proper sense of the term.

The hon. Minister has over-simplified one aspect. I wish he had dealt with it with a little more seriousness. You know, Sir, in this Bill we are making some changes in the law with regard to high denomination notes. They were demonetised in 1946. The Bill says, in view of the serious inconvenience caused to the public by the withdrawal of the high denomination notes, it has been decided to reintroduce high denomination notes as early as possible. So far as we know, serious inconvenience was caused to black-marketeers, hoarders and profiteers. I think that Ordinance 3/46 was promulgated to check inflation. It was also meant as a device to get at hoarded and black-market wealth. We want to know how far it has been successful. We know from our experience in Bengal and also in other parts of the country that that Ordinance was, to some extent, made inoperative because of a lacuna in the statute. The Ordinance was not made applicable to the Indian States. The result was that some portion, a good portion of it, flew to the Indian States. A friend of mine from Lahore was telling me that in the Punjab, these thousand rupee notes were being sold in the streets of Lahore at Rs. 600. My hon. friend Shri A. C. Guha may remember that something like that happened in Calcutta also. We knew that high denomination notes flew to Rajkot and other Native States, to Jaipur, Jodhpur and other places in Rajasthan.

We want to know how far the hoarded wealth has been got at how far these blackmarketeers' money, the profiteers' money has been got at. Otherwise, it would be rather risky for the Parliament to say that they have all been eaten up by white ants and it is no longer operative; let us give them immunity and let us reintroduce these notes.

The hon. Minister is not only taking power to introduce the old high denomination notes, but he is taking power to introduce a new kind of note —Five Thousand Rupee Notes. So far as I know, there was no Five Thousand Rupee Note before.

With regard to rural credit, it is certainly a thing which ought to have been done ages ago, and nobody can oppose the extension of the functions and ambit of authority of the Reserve

Bank to really help rural credit. The question is: will it be made effective, how it would be made effective? If you want to afford rural credit through State co-operative Banks, what amount of control will you have over them? What amount of autonomy will they have? Naturally, the State Co-operative Banks will come to the Reserve Bank for the purpose of getting rural credit, loans or advances for facilitating the agrarian economy. Then, they will have to give some sort of security. Will that lead to consolidation of holdings? What will be the security you want? How will you function? We want to know the agency which will operate. Otherwise, all our talk of helping and stimulating cottage industries will be futile.

We know, on the Dhoties Bill there was a lot of feeling because that was a paper measure, meant as a stunt. It will not be effective unless and until rural credit is afforded so as to rescue the handloom weavers from the parasites, the moneylenders, sowcars and mahajans in whose grip they are dying inch by inch. Naturally, help is to be afforded by the State and the Reserve Bank, but still we will be able to implement the pious desire only by weeding out these parasites and these people in whose grip the cottage industries and rural workers and the agrarian labour are operating now. How far are we going to do it? Has the Minister got any idea? Has the Minister got any plan? Is there any agency? How far will there be synthesis between control and freedom. That is one aspect that I would ask the hon. Minister to deal with shortly.

We are generally in agreement with the Bill, and the Imperial Bank of India only occupies a very small part of the whole legislation. But we are very anxious that rural credit should be put on a proper footing. Otherwise, unemployment is bound to increase, and no amount of Five Year Plans, no amount of speeches by hon. the Finance Minister or his Deputy or the Planning Minister will at all bring any solace to the suffering people.

In Bengal especially, I can tell the House that from Sunderbans and from Diamond Harbour and from the southern part of 24 Parganas, people are coming into the City, and there have been deaths reported from starvation on the streets of Calcutta, which is very distressing. I do not want to dramatise our misfortune or the deepening agrarian trouble there. We do not want a repetition of the horrible conditions of 1943. But the real trouble is that rural economy is not being looked after, properly. Rural credit facilities are not obtainable. Naturally, landless labour is in great trouble and cottage industries are dying out. Even where refugees have come from East Bengal, they have not been placed on their feet because of lack of adequate facilities, especially lack of financial resources, which we are not supplying in spite of large promises and great rehabilitation schemes. I hope the Reserve Bank will do something to help the poor refugees who have come in thousands pouring in. And it might be that due to the new dispensation, the new political and constitutional set-up in Pakistan, there might be a stimulus to further exodus which we do not like, but it may happen. And in that case, it will be the duty—the paramount duty—of the Reserve Bank, not merely to take the power, but to exercise the power and exercise it thoroughly, efficiently, in order to ameliorate the distress of these poor suffering people.

I generally support this Bill, and it is overdue. Parliament should not oppose it. There is no question of opposition from any party or from any section, but we want some agency behind it so as to implement it, effectuate it, so as to really put the agrarian economy and rural credit on their feet.

Shri Raghavachari: I rise only to mention one or two points. I am perfectly in agreement with the principles involved in this amending Bill, and as our friends have already said, it should have been passed years ago.

I only want to stress one point: that the amount of relief, or the quantum proposed in the Bill for co-operative societies and agricultural credit is pitifully low—Rs. 5 Crores for the whole of India. It is not at all understandable how this little salt will go into the whole sea.

Knowing something of the co-operative movement I can say that we have always suffered from lack of necessary funds to enable the Central Banks and rural credit societies to disburse loans—not the long-term loans, but the medium term loans, five to seven years—and we have always found that the deposits are not sufficient for such purpose, and that is why oftentimes the State Governments are approached. But now that this Bill is introduced to make it possible for the Reserve Bank to come to their aid, as I said this Rs. 5 Crores is nothing, personally I would like it to be made Rs. 20 or Rs. 25 Crores at least. Otherwise, it will be of no use at all.

That is the one point which I wished to say. Otherwise, this will not be really serving the purpose which you advertise.

Shri Altekar (North Satara): Mr. Deputy-Speaker, Sir, want of money is really stifling the economic life in rural areas. On account of the legislation passed by different States, the money-lender's scourge has been removed, but what has happened is that his place is not being substituted by other sources for that particular purpose. The States, of course, are giving a little more by way of Taccavi, but that in itself is not sufficient to meet the needs. Co-operative societies are also doing business, but that is quite inadequate. The money-lender himself, who is now taking licence under the new Act, is carrying on business, but he is only carrying it on with a view to wind up his business. No fresh advances are made, and if at all, they are made by under-ground methods. Without any chit, without any account, without any assurance in writing to the debtor, the money is advanced. And the rate of interest charged is very high, and they have to depend only upon the word of the money-lender. That is a still greater evil which has come in the place of the old one. This has resulted only in this thing; that the evil has become worse and the Government is deprived of the income-tax on these advances that are being made.

For this purpose, I say that the provision that is made in this Bill for making advances to the State Co-operative Banks is really a good step no doubt, but as was just now suggested by my hon. friend on the opposite bench, Shri Raghavachari, it is quite inadequate for the purpose. Five Crores of Rupees for the whole country for purposes of meeting needs of the rural population which were supplied in crores and crores of rupees by urban and rural money-lenders is a very small sum as compared to the various needs of the situation. Therefore, I submit that this sum must be enhanced. It should be a larger one, about Rs. 25 Crores or so. But I suggest that this, in itself, will not be sufficient. There should also be other steps taken in right direction. What I beg to point out is that so far as dealing with these State Co-operative Banks is concerned, the Reserve Bank will be making advances to the State Co-operative Banks. They, in turn, give money to the District Central Co-operative Banks and they then distribute it among the various branches in villages or small towns. The Reserve Bank will be dealing only with the State Co-operative Banks, and these in their turn will be dealing in their own way, with the various small banks in the rural areas. Thus, the

Reserve Bank has absolutely no control or agency by which they can look into the working of these small banks in the rural areas. My submission is that the Reserve Bank should be vested with some powers under which they can inspect the dealings of the small co-operative banks directly. I have heard many a complaint that the moneys advanced by the district co-operative banks find their way to some traders or other persons, who are taking advantage of the loan, while the agriculturists who are in great need of it and for whom this money is intended, do not get the benefit. This is a practice which must be checked, and I suggest that there should be a provision to ensure adequate supervision over the working of these banks.

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I have one other suggestion to make in this connection. The Reserve Bank deals directly with the joint stock banks. There are provisions in the Reserve Bank Act, whereby the Reserve Bank can give credit to these banks, but such credits as are given are limited to a period of 90 days, and for purposes which are limited as well. If these joint stock banks could be given large and cheaper credit, against the Government securities they hold, they can be easily made to extend their business in the rural areas, so as to cater to the needs of the agriculturists, and thus play a very useful role in the rural economy. I know many joint stock banks in rural areas, which are given loans to agriculturists to meet their financial needs in regard to agricultural operations and processing of agricultural commodities. But that is being done only to a very limited extent, and only a few lakhs of rupees in all are being given by way of help. But as I have suggested, if larger amounts could be given on cheap credit to these joint stock banks earmarked for advances to agriculturists, they can be made to serve a very useful purpose. The Reserve Bank, moreover, has got a very direct control over the working of these banks. Sections 20 to 35 of the Banking Act provide for the various ways in which the Reserve Bank can have a control over these banks, in reregard to inspection, the policy with regard to the utilisation of these loans, calling for monthly, half-yearly or yearly returns, or the balancesheets etc. Therefore, larger amounts should be advanced to these joint stock banks by the Reserve Bank. I hope Government will consider this suggestion.

I do not want to say anything on the other aspects of the Bill. I am interested in the Bill, only so far as given credit facilities to the agriculturists in the rural areas is concerned. With these few words, I support the Bill.

Shri V. B. Gandhi (Bombay City—North): Mr. Deputy Speaker Sir, this is a very important Bill. Its importance is not apparent from the short speech that the hon. Deputy Finance Minister made, when moving for the consideration of the Bill. This Bill is bound to have far-reaching consequences in the economy of our country.

I will, of course, admit, to begin with, that this Bill represents a distinct advance in our central banking progress. The proposals in this Bill are bound to increase the usefulness of the Reserve Bank in spheres in which the Reserve Bank has not entered so far. I shall confine my observations to clause 3 of the Bill, because that is the clause that primarily deals with the new powers that are being given to the Reserve Bank, for making additional credit available to the small scale and cottage industries, for making loans and advances for agricultural purposes, and for extending certain credit facilities to the Industrial Finance Corporation. That is all very well. But let us first consider what kind of

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financial facilities are going to be offered.

There are two distinct and separate kinds of finance that are going to be made available under the provisions of this Bill. The first kind is the credit that is going to be made available by means of rediscount of high-grade paper, *i.e.* promissory notes or bills of exchange. By its very nature, this kind of finance is bound to be of a short term. Usually the term is for 90 days. Under the provisions of the Act, we have certain kinds of advances of this kind of credit limited to 90 days. But under Section 17 (2) (b) of the Reserve Bank of India Act we made this kind of credit available for agricultural operations, for seasonal finance, for marketing of crops etc. which originally extended up to a period of nine months, but I think by the amending Act of 1950, the period has been extended to 15 months. This kind of finance also by its very nature can be of an unlimited amount, the limit being imposed only by the availability of the acceptable kind of paper, and also by the willingness of the Reserve Bank to accept such paper for rediscount.

The other kind of finance that is also going to be made available under this new Bill, is by way of loans and advances. This is covered by Section 17 (4) of the Reserve Bank of India Act. In this class of finance, it is always necessary to fix the limit to the amount of advance, and generally this kind of financing is offered where a little longer period is involved. In the present Bill, we see that for agricultural purposes, loans and advances are going to be made available for periods extending from 15 months to five years, and also for an amount not exceeding Rs. 5 crores. Similarly in the case of advances or credits to be extended to the Industrial Finance Corporation, the period is 90 days, but in some cases, about 18 months, which is the maximum; and the amount of credit to be made available is not to exceed Rs. 3 crores. These are the two distinct kinds of finance that are going to be offered under this Bill.

Now, we are going to consider how far each one of these classes of financing is suitable for the purpose it is intended to serve and also how far there is any machinery at present in existence which will make it possible to utilise this finance—I mean if any machinery either is in existence or is going to be devised so that these credits could be utilised by those for whom they are intended.

In a general way of course, as I said, this Bill marks an advance and deserves the wholehearted support of this House, for it proposes to help finance our cottage and small-scale industries, in a way of speaking. Then it is going to make finance available for agricultural purposes and also, finally, it is going to help finance large-scale industries through its credits extended to the Industrial Finance Corporation. Then another thing I must say here while I am on the Industrial Finance Corporation is that those who have drafted this Bill deserve compliments, for they have in the present Bill, and particularly in the amendment which stands in the name of the Deputy Finance Minister, removed an ambiguity which existed in section 21 of the Industrial Finance Corporation Act and which troubled many of us from the first time it was introduced in that section. Now, Sir, we have to first understand that merely offering these huge amounts of finance to industries, to agriculture and to cottage and small-scale industries is not enough. We cannot say: 'Here we are giving away so much of new finance and now our conscience is clear'. That is not enough. The Deputy Finance Minister just made a mention in his speech that as much as 12 crores of rupees were given by way of seasonal finance for agricultural operations. Well, that is all very well, Sir. But then, let us not forget that the farmer, the Indian farmer, the individual farmer, is still very far away from any place where considerably these papers—these bills—took their birth, on the basis of which this finance was made available through rediscounting. What I am trying to point out is that when we are considering proposals of this kind, it should also be our first duty to see that we devise a machinery—we devise a kind of a structure of finance—which will reach from the individual farmer through the various levels of banking right up to the Reserve Bank of India.

Now, Sir, coming specifically to clause 3, let us consider sub-clause (b). Here Reserve Bank credit is going to be made available for small-scale and cottage industries, as I said, by means of rediscounting eligible paper. Now, are we really sure or has the Government really explained to us if this is the suitable way of helping these small-scale and cottage industries? Because here in the pertaining clause, we say that we are going to assist and finance the activities of cottage industries, both in respect of production and marketing. Now, as I said, the success of this clause will depend on whether these small-scale and cottage industries will be able to conform to the requirements of this kind of eligible paper, whether their activities can be put into the required pattern out of which can arise this kind of eligible paper. That will determine the success of this very generous offer of credit extension that we are making.

Then, of course, I am all for doing everything to encourage the use increasingly in this country of this kind of paper as a means of short-term financing because, after all, this is one of the ways in which a Central bank can provide that very necessary elasticity to its currency and credit supply.

Then we come to clause 3(c). Here we are dealing with this 5 crores of rupees financing which is going to be made available for agricultural purposes. In this class of financing, it is usual to specify the kind of securities that should be required against which these kinds of loans or advances are to be made for instance, in the Reserve Bank of India Act itself, in Section 17(4)—in all the sub-clauses—we find that the securities required against which these loans and advances can be made are specifically stated, whereas in the present Bill we are told that the Central Board will determine the kind of securities that should be taken against these advances and loans. I can very well understand the difficulty of the Central Board in this case. Since this is a kind of new sphere in which our Reserve Bank is about to enter, I can understand that. But I would very much have preferred the Deputy Finance Minister in his speech to have given us at least some kind of an outline, some kind of an idea, as to what kind of securities they have in mind.

Then, Sir,......

Mr. Deputy-Speaker: There are some other speakers also.

Shri V. B. Gandhi: Well, Sir, I will finish in a few minutes.

The whole presentation of the case in this particular Bill has not been very satisfactorily done. Here we are going to make available 5 crores of rupees for agricultural purposes and not a word has been said as to what kind of machinery they have through which this is going to be utilised, except perhaps that there is a provision that it will be done through the State Co-operative Banks.

A very important Committee, the Rural Banking Enquiry Committee, I think, had reported some 3½ years ago and that Committee did cover some of the ground of rural credit and made some very interesting recommendations. I do not know personally if any of their recommendations have

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been accepted or brought into execution by the Government so far. But, I know one thing that no mention at all was made in the speech of the Deputy Finance Minister about those recommendations.

Sir, agricultural credit is something different from other credit. The needs of the agriculturists are so special that the ordinary commercial banking finance cannot be suitably made available to the agriculturists.

Mr. Deputy-Speaker: He said that there are two kinds, one by administrative orders and the other by amending the Act.

Shri V. B. Gandhi: He did say; but, he did not give us any idea of what those recommendations are. We think that some of those recommendations are such that they could with advantage be adopted without undue delay and if this scheme of our financing of 5 crores of rupees is going to be made capable of being utilised by these farmers, there must be a machinery through which they can utilise this.

Now, Sir, I would not go into details. I would simply say, that what we are doing today is, in the absence of any suitable machinery for utilising these loans, leading the horses to water. But can we make them drink?

I will now come to the other part of clause 3, about the Industrial Finance Corporation. The ambiguity I referred to is in section 21 of the Industrial Finance Corporation Act, where the words 'maturing and repayable within a period of not exceeding 18 months' seem to qualify all securities including the security that may be required by the Reserve Bank. This ambiguity has been very effectively removed in the text of this Bill and even more so in the amendment standing in the name of the Deputy Finance Minister, because in the amendment it is made clear that these words, 'maturing and repayable' particularly 'maturing' do not qualify all securities but only the bonds and debentures issued by the Industrial Finance Corporation.

Finally, Sir, there is one important aspect of this financing, which I wish to take this opportunity to place before this House. This particular kind of credit that is sought to be extended to the Industrial Finance Corporation is to serve a particular kind of exigency, which occurs in the life of all financing bodies. Here, let us suppose, the Industrial Finance Corporation makes a loan to its clients, say of 20 lakhs. As soon as that loan has been sanctioned, the Corporation has to keep itself ready to advance the amount, because the client may call upon the Corporation to pay it any time. But the usual experience is that these clients do not always take the whole loan nor do they take the loan immediately. A certain time elapses between the date the loan is sanctioned and the date they make the first call on the Corporation to pay and even then the first payment may be a very small fraction of the total sanctioned amount. Yet, the Industrial Finance Corporation, having sanctioned the loan has to keep itself ready, and to carry over these amounts in expectation of being called upon to pay. This is very expensive. It is to meet this exigency that this provision is inserted in the Industrial Finance Corporation Act, as amended last year as well as this parallel provision in the present Bill.

It is gratifying to see that our Reserve Bank Authorities themselves have taken this initiative and have made this provision which will be of great help to the Industrial Finance Corporation. I would place before them another instance which they should consider for taking some initiative and try to make similar facilities available to the Local Bodies also I will give an instance in my own experience, Sir. In 1947, as Chairman of the Standing Finance Committee of the Bombay Municipal

Corporation, I happened to have something to do with the floating of a loan of 7½ crores of rupees. That loan was intended to be used for the purchase of an Electricity and Tramways undertaking which was till that time owned by a private company. We floated the loan; we got the amount and we had to continue to carry on the amount on our hands because the valuation of the assets of the Company took an unusually long time. The valuation proceedings protracted for over one year and a half. Now, imagine an amount of 7½ crores at 3¼ per cent. which comes to 24 lakhs a year. We tried our best to invest this amount in short term deposits getting about ½ per cent or so and yet in one single year the tax-payer was called upon to pay 20 lakhs of rupees by way of interest. In our Reserve Bank Act much is not said about Local Bodies.

Sir, I find only one mention in section 17 clause 4 of the Act. But that mention is in connection with the loans and advances against securities of certain kinds. The kinds of securities contemplated under that section are not likely to be in possession of any of these local bodies. But, in other countries, there is a definite procedure by which provision is made to give short-term financing of this kind. It can be seen from what is done in New York. Sir, I will not quote because it is a fairly long quotation.

Mr. Deputy-Speaker: Section 17(4) is not touched by this Bill. There is no amendment to that.

Shri V. B. Gandhi: Sir, after sub-clause (4), (4A) and (4B) are added. Anyway, Sir, I have almost finished and I will not take more than two minutes. Sir, the procedure which is employed in New York can be found in a book entitled, 'Planning and Control of Public Works' by Leo Wolman which is a well-known book and there it describes how the City of New York finances its public works by temporary accommodations received from the money market. We have no money market in this country of the kind they have in New York. Anyway the Reserve Bank may consider whether they will take a similar initiative in this case and do something to help these Local Bodies.

Shri Mohiuddin (Hyderabad City): We are very glad that the Reserve Bank of India has been gradually extending its interests to the most important industry of India, that is agriculture. In the 1951 amending Act, the State co-operative banks were placed on par with the scheduled commercial banks. Under this Bill, further facilities are proposed to be given to the co-operative societies. This interest is very welcome, but the Bill makes a departure of fundamental importance from the principle and practice of central banking, and the reason for that departure, I am afraid, was not explained by the Deputy Finance Minister while introducing the Bill.

The first departure that is made is that instead of wholly relying on the soundness of security, liquidity and negotiability of the assets against which the advances or loans are to be made, the Reserve Bank of India is to rely on the guarantee given by a State Government for repayment of the principle or interest. So far, in all the sections of the Reserve Bank of India Act, the guarantee of a State bank was not introduced and this is the first time that the guarantee given by a State bank has been introduced for repayment of a loan for commercial purposes.

The second departure was referred to by my hon. friend, Shri V. B. Gandhi and that was that in every section of the Act, whether for loans or for re-discount of bills, the type of securities, which the Reserve Bank of India could accept, has been given, but in this Bill the Central Board has been given authority to specify the security that they would like to accept. This point has been referred

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to by my hon. friend, Shri Gandhi and so I am not going to clarify it or speak about it. What is the justification for introducing a new principle that the Reserve Bank of India may accept a guarantee of the State Bank and rely on that guarantee? The Reserve Bank of India in their last annual report have forwarded some justification for it, when they say—

> "In no other sphere perhaps as in that of rural finance is it of so little use for Indian conditions to turn for guidance to the central banking practice evolved for the highly industrialised countries of Western Europe. In this matter as in the extension of banking facilities generally, fresh approaches have to be thought out."

That is the only justification that the Reserve Bank of India, in their annual report, have advanced for this new provision. That is a rather dangerous principle which we are adopting. So far the Reserve Bank of India has been working very successfully. One of the principles on which the structure, of the Reserve Bank is built is that it should confine itself to securities which are readily saleable without loss in the event of having to realise them. That type of security must have the important qualifications—liquidity and negotiability. We are departing from that principle and this departure, I believe, is based only on the informal conference of experts that was held by the Reserve Bank of India to which the Deputy Finance Minister had also referred in his speech. I do not think that the Rural Banking Enquiry Committee, of which Shri Purshottamdas Thakurdas was the Chairman, had made this recommendation, and it appears—I may be wrong and the Deputy Finance Minister may correct me if I am wrong—that this recommendation that the Reserve Bank of India may rely on the guarantee given by the State Government, was made by that informal conference. If we accept the principle that the Reserve Bank can accept the guarantee of the States, it would simply mean that the Reserve Bank would not be looking into the stability and the soundness of the bank to which the loans are given. There would thus be a tendency for the Reserve Bank to say "As the State Governments—and finally the Central Government—are giving the guarantee for the repayment of the loan, let us accept it." That is a bad principle for a central banking institution to adopt. It is no doubt true that for medium-term loans, we have not got any specialised institutions at the present moment. The resources of the State co-operative banks are also short-term resources, except for their owned capital. If this principle is accepted, the State Governments, the co-operative movement and every other person who is interested in rural finance will think that now as the Reserve Bank is going to come to their help, there is no need for devising any measures for raising medium-term loan or other finance for the rural areas. That would be a danger we should guard against.

You might have read in the newspapers that the Reserve Bank of India has appointed a committee, under the chairmanship of Shri Shroff, to investigate into the resources which could be made available to industries other than those for which the Taxation Enquiry Commission is making investigations. I have not seen the terms of reference, but immediately after the announcement of the appointment of this Committee, there were articles in the financial journals and economic journals that the Shroff Committee is perhaps going to make enquiries into the ways and means of the Reserve Bank and commercial banks providing funds for long-term capital for industries. Now, I do not believe it—it may be speculation. But anyhow that speculation seems to be based on the provisions of this Bill. A departure that has been made in this Bill is that the Reserve Bank will, on the guarantee of the State banks, make advances to industries—small-scale as well as cottage industries and for rural finances. Similarly, the Reserve Bank and the scheduled banks should also be asked to give advances for large-scale industries for capital projects. That is how one thing leads to the other, and I hope the Deputy Minister for Finance will, in his reply, explain how it happens that we make without thorough investigations such an important departure from the principle that we have been following so far.

Shri K. K. Basu (Diamond Harbour): Mr. Deputy-Speaker, Sir, this Bill has been brought forward as an amendment to the Reserve Bank Bill and the hon. Deputy Minister has said that this is necessary because of certain intentions which seek to improve upon the present functions of the Reserve Bank. If you analyze the Bill, as it is, today, the main purpose, as pointed out in the Statement of Objects and Reasons, relates to the extension of the scope of the Bank so far as, the agricultural operations are concerned. You yourselves are well aware that the Reserve Bank was first established in our country with one of the main intention of extending help to development of rural credit in our country. But unfortunately, Sir, from 1934 to 1949—15 years it was a shareholders' Bank, I might say, and it worked as an appendage of the Bank of England. Very little was done, so far as the rural credit of our country is concerned. It only organized some research work or some statistical data and published one or two books so far as the credit institutions in the rural areas are concerned. But we hoped that, when in 1949, the Reserve Bank was nationalized, positive help would be given by the Reserve Bank for the development of credit facilities in the rural areas. Sir,...

Shri B. Das: Property of the State.

Shri K. K. Basu: I stand corrected. The Reserve Bank became the property of the State as the shares were purchased. Then, we thought that the Reserve Bank would then look after the interests of the nation, especially the rural credit of our country. But, unfortunately, Sir, nearly four years have passed, but very little has been done in that direction. We found from the reports, even the reports from the rural Finance Enquiry Committee, about which mention has been made, stated,—it was repeatedly stated—that facilities should be offered for the development of rural credit institutions in the rural areas of our country. But, unfortunately, Sir, as yet nothing has been done. I do not know whether even the scheme which the Reserve Bank was asked to draft has been made out. I do not know whether the Minister will be able to throw any light on it. But it is very good that in many of the pious Bills that we are passing, in the many legislations that we have been enacting during the last year or so, we are improving upon the existing rules and powers of the Reserve Bank, so far as rural credit is concerned. You will remember, Sir, a few days back, when we were discussing the Banking Companies (Amendment) Bill, it was pointed out that in the year 1952-53, two years after the promulgation of the Banking Companies Act, 1950 when special provisions were made, a number of banks went into liquidation. The Reserve Bank, under these regulations, had every right and power to enquire into the functions of banks which had failed. Therefore, Sir, we are very much sceptical as to the manner in which the new powers that are sought to be taken under the Bill under discussion are going to be utilized in the interests of the nation.

Sir, so far as the general principles to extend the scope of the functions of the Reserve Bank are concerned, especially in respect of agricultural credit of our country, we support the measure. But these powers are not enough; unless we set up a machinery which affords long term, medium-term and even short term credit in

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the rural area, it is very difficult to see how far this legislation will help us.

Sir, my hon. friend on the other side has said that after the passing of the Moneylenders Act in different States of India rural credit facilities did not improve because in some areas new forms of usurious credit have developed and in some other areas the credit has shrunk. Therefore, unless the Reserve Bank, as a national bank, has a positive policy to follow and develop, it is very difficult to say to what extent these powers will help us.

Then, Sir, under the new additional clause, 4B, the hon. Minister has moved an amendment which seeks to restrict the loans and advances for agricultural purposes. I do not know what is the import of this particular amendment. We know in many rural areas small cooperatives are held not only by agriculturists but by artisans and the cottage industries. They should also be helped by the credit facilities. I do not know whether the intention of the Deputy Minister is to restrict the thing only to agricultural operations and not to the allied or more or less complementary branches of the agricultural community of our country.

Then, Sir, here also they want to restrict the scope of five years against which security has been specified in this behalf by the Central Board. You know from your own long experience in the affairs of the country that in India, being an essentially agricultural country, rural credit facilities are required for longer periods. We know that the Government have their plans and have their minor irrigation plans and many such things. In many areas, Sir, you know where there is a healthy cooperative movement, the villagers and the people themselves might try to put up a small union or something else, for which some credit facilities are necessary. So, in some of the States, where the cooperative movement is very powerful,...

Mr. Deputy-Speaker: Are there no land mortgage banks for long term credit?

Shri K. K. Basu: Very small number. They also do not have large facilities. Therefore, I feel that this five year period should be extended to longer periods, because if we have a positive land policy we can try to improve the land system of our country, and in the new set up of things, it is absolutely necessary to afford credit facilities for longer periods. Therefore, I could not follow why the Deputy Minister of Finance wants to restrict the period to five years. I think the period should be extended. His amendment seems to restrict the original provision. That restriction should be removed, so that cooperative societies for agricultural operations, artisans, small industries etc. can come within the scope of this Bill.

There is another point, and that is, the advancing of loans to the State cooperative banks is restricted on account of the fact that the State Governments must guarantee such loans. I consider this a very dangerous proposition. It is possible that the Reserve Bank has not got its offices throughout the length and breadth of the country and therefore it has to rely on the recommendations and to some extent on the support and help of the State Governments, but the fact that the loans have to be guaranteed by the State Governments will mean that the Reserve Bank might develop a feeling that they have no responsibility to shoulder as the loans are guaranteed. As you know, cooperative banks are not yet fully developed in all parts of the country and for the State Governments it is not always possible to consider all the economic aspects of the purpose for which loans are floated. The Reserve Bank might think, "We have a guarantee from the State Government; we do not care how the money is being utilised by the cooperative banks or credit societies." In the initial stages, although some sort of recommendation or support or qualified guarantee may be necessary, still the Reserve Bank must institute a machinery of its own to find out, check and verify in which manner the loans they are going to advance are going to be utilised by the loanees.

As regards the proposal to advance loans to the Industrial Finance Corporation, the Deputy Minister is seeking to withdraw the limit on the loan that may be advanced. Originally it was limited to Rs. 3 crores. Now, according to the recent amendment of the Industrial Finance Corporation Act, the Corporation can advance a loan to the extent of Rs. 15 crores to a company whose capital is only Rs. 5 lakhs. The Corporation being an independent body, it is very difficult for us to know the inner working of this organisation. The Reserve Bank, whose entire money is the nation's money, is given the right to advance money to this independent body without any limit. It may be that the loan may or may not be properly utilised. During the long discussions on the Industrial Finance Corporation amending Bill, there were many allegations made. Some of them were answered and an enquiry committee was appointed. I understand that its report has been submitted, but we have not seen it. The Industrial Finance Corporation's idea may be to give credit to industrial institutions and the Reserve Bank may advance money against bonds, securities etc. of the Central Government. But if there is no limit to which the Reserve Bank can advance loans, it is a dangerous proposition. There must be some restriction. The medium period loans are to be for eighteen months and if the Corporation requires huge sums of money, the Reserve Bank should not be called upon to bear the responsibility. Here again, the entire burden of judging, appreciating and verifying the potentialities of the schemes or institutions for which the money is to be advanced is shifted to the Central Government who guarantees the same. The loan may be guaranteed, but the Reserve Bank for its part has to play a definite and positive role in the development of credit for industrial concerns or in the rural sphere. The other day, during the discussion on the Banking Companies Act, many allegations were made about the in difference of the Reserve Bank. It was alleged that the Reserve Bank did not come forward positively to help when there was a crisis. Practically, it worked like judges who, when some mistake is committed, go and catch hold by the necks of the directors. This provision should be carefully considered when power is given to the Reserve Bank to advance loans to the Industrial Finance Corporation without any limit.

Regarding agricultural credit, I join my other hon. friends in saying that Rs. 5 crores is much too small for a country like India where rural indebtedness runs to more than Rs. 900 crores. An attempt should be made to increase the amount to at least Rs. 25 crores, so that the Reserve Bank can effectively help the cooperatives to advance money in rural areas.

As regards the high denomination notes, much has already been said. We do not really know the result of the Ordinance on the subject, apart from the fact that, as the hon. and learned Member Shri Chatterjee said, the blackmarketeers and shady people were rather panicky when the Ordinance came into force. The hon. Deputy Minister said that notes worth Rs. 1·25 crores had not been traced. But that information is not enough. We should like to see to what extent the Ordinance has had effect on the credit facilities in the country and on the economic position in the country. Therefore, there should be a thorough report before we can accept the proposed amendment of the Reserve Bank Act. It may be necessary that high denomination notes should be there. But as a result of the war, we know how shady persons and blackmarketeers amassed money in a shady way and how it had to be mopped up, so that inflation could be

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checked. There is no report as to what extent, Government have been successful in this. We do not feel convinced by what the hon. Deputy Minister has said and do not accept the immediate necessity to reintroduce the high denomination notes. We might wait for some time more. We should have a full report, based on the studies made by the Reserve Bank itself, about the effects of the withdrawal of the high denomination notes.

[PANDIT THAKUR DAS BHARGAVA *in the Chair*]

5 P.M.

As regards the powers of advances taken by the Imperial Bank, I find that we are putting the Imperial Bank in a different category from other scheduled banks. We feel that in the new set-up of things the Imperial Bank should be treated in the same way as any other scheduled bank. When the Bill for nationalising the Reserve Bank was being discussed, every Member said that the Imperial Bank also should be nationalised. Yet, four years have passed and nothing has been done. The Imperial Bank still differentiates between Indian industries and foreign industries in giving accommodation and credit. Instead of still calling it the "Imperial" Bank of India, we should make it function in the interests of the nation and it should be put in the same category as other scheduled banks. The time has come when it should be taken over in the interests of the nation, and thus stop the scope which is still there for the underground way in which foreigners try to help themselves through the Imperial Bank. It is no argument to say that while three or four years back there was only one Indian on the Board of Directors today there are two or three. As very rightly pointed out by the father of the House there are Indians who work as lackeys of the foreign interests. We know even during the days of our national movement there were Indians who sided with the British Government. We feel that after the nationalisation of the Reserve Bank, it is high time the Imperial Bank also is nationalised. Instead of doing that the Government is trying to put the Imperial Bank in a different category from the other scheduled banks, when it is known to everybody that the Imperial Bank is deliberately and consciously acting against the interests of national industry. I do not wish to go into details, because you will not permit me to do that within the scope of this Bill.

The last point I would like to mention is the powers of the Governor. Under clause 8 of the amending Bill the Governor is put on a par with the Central Board; that means, if we accept this amendment, the Governor will have same power as the Central Board. This I consider to be a dangerous proposition. During the course of the discussion on the Industrial Finance Corporation (Amendment) Bill, Government could not answer several matters relating to the Managing Director. It may be that the Governor is appointed by the Central Government; but in view of this dyarchy, or dual authority, there is every likelihood of the Central Board shifting the responsibility on the Governor and *vice versa*. So long as the present arrangement is working satisfactorily, I do not see any reason for this delegation of power to the Governor. It may be that once or twice there might have been certain technical difficulties. But that does not warrant delegation of such wide powers to the Governor. Because if there is any misbehaviour on the part of the Governor, or he commits a mistake, the Central Board may as well say that they are not in the know of things. Therefore, I strongly oppose this provision. There is no earthly reason for the amendment suggested by Government. Several undertakings work on the present basis.

Sir, I generally support this amending Bill, so far as the extension of credit to agriculture and cottage and small scale industries is concerned. But I would request the Minister not to press the amendments to clause 8.

श्री एस० एन० दास (दरभंगा मध्य) : सभापति जी, रिजर्व बैंक आफ इंडिया ऐक्ट में संशोधन करने के लिये जो विधेयक हमारे मंत्री जी ने इस सभा के सामने रखा है, उस के सिद्धान्त से और उसकी धाराओं से मेरा ख्याल है कि शायद किसी भी सदस्य को मतभेद नहीं होगा । यह बात सभी जानते हैं कि हिन्दुस्तान की जो अर्थ नीति होनी चाहिये, उस का आधार खेती की तरक्की होनी चाहिये । सिद्धान्त में तो सरकार ने प्रायः पूरे तौर से इस को मान लिया है और पंचवर्षीय योजना में विशेष रूप से इस बात पर ध्यान दिया गया है कि हिन्दुस्तान में खेती की तरक्की कैसे हो । लेकिन जब हम खेती के लिये अर्थ और कर्ज के सम्बन्ध में विचार करते हैं तो पता चलता है कि कागज के ऊपर इस बात पर जितना जोर दिया जा रहा है कि हिन्दुस्तान में खेती की तरक्की के लिये अधिक से अधिक प्रयत्न सरकार को करना चाहिये, शायद कार्य में अभी सरकार उसमें उतनी ही पीछे है । ऐग्रिकल्चरल फाइनेन्स पर विचार करते हुये प्लैनिंग कमीशन ने यह कहा है कि हिन्दुस्तान में खेती की तरक्की, खेती को चलाने, और खेती के विकास के लिये अर्थ की कितनी जरूरत है, इस बात का पूरा पूरा अन्दाजा लगाना अभी सम्भव नहीं है और इसलिये इस के सम्बन्ध में हम तब तक कोई ऐसा कदम नहीं उठा सकते हैं कि जिससे खेती की तरक्की के लिये अर्थ की व्यवस्था पूरे तौर से हो सके जब तक कि रिजर्व बैंक आफ इंडिया के द्वारा जो रूरल क्रेडिट का सर्वे किया जा रहा है, उस की पूरी पूरी रिपोर्ट न आ जाय। सभापति महोदय, सन् १९४९ में बैंकिंग एन्क्वायरी कमेटी की नियुक्ति हुई थी और उसने देश में रूरल क्रेडिट के सम्बन्ध में कुछ सुझाव पेश किये थे, लेकिन अगर उस रिपोर्ट को देखा जाय और पढ़ा जाय कि हमने इस दिशा में कितनी उन्नति की है तो शायद इसमें निराशा ही का सामना करना पड़ेगा । मुझे ठीक ठीक तारीख याद नहीं है लेकिन दो साल पहले रिजर्व बैंक आफ इंडिया ने रूरल क्रेडिट का सर्वे शुरू किया । उस की रिपोर्ट पढ़ने से मालूम होता है कि रिजर्व बैंक को इसका पता नहीं था कि सर्वे में जो कागजात और आंकड़े प्राप्त होंगे वह इतने बड़े आकार के होंगे । सर्वे करने के बाद जो आंकड़े प्राप्त हुये हैं जो बातें मालूम हुई हैं वे इतनी ज्यादा हैं कि उन के सम्बन्ध में पूरे तौर से विचार करने के लिये कुछ समय चाहिये और उस के बाद ही वह रिपोर्ट हमारे सामने आयेगी । लेकिन सभापति महोदय, सर्वे के परिणाम के प्राप्त होने तक इस बिल में खेती के हेतु कर्ज के लिये जितनी व्यवस्था करनी चाहिये थी और जो सुविधा रिजर्व बैंक को देनी चाहिये थी वह रिजर्व बैंक आफ इंडिया नहीं दे रही है । कहा जाता है, जैसा कि प्लैनिंग कमीशन और रिजर्व बैंक आफ इंडिया की रिपोर्ट में कहा गया है, कि जब पूरी जांच पड़ताल इस सम्बन्ध में हो जायेगी तब यह सरकार और रिजर्व बैंक आफ इंडिया अपनी निश्चित नीति निर्धारित करेंगे । इस मौके पर, यद्यपि मैं इस बिल का पूरे तौर से समर्थन करता हूं, मैं उन करोड़ों भाइयों की तरफ से जिनके प्रतिनिधि के रूप में मुझे यहां आने का सौभाग्य प्राप्त हुआ है, यह कह देना चाहता हूं कि सरकार जिस धीमी गति से, जिस घोंघे की चाल से कार्य कर रही है, उस से इस समस्या का समाधान होना संभव नहीं है । रिजर्व बैंक आफ इंडिया ऐक्ट में संशोधन करने के लिये जो यह बिल प्रस्तुत किया गया है उस की धारायें स्वागत

[श्री एस० एन० दास]

करने योग्य अवश्य हैं लेकिन जैसा मेरे मित्रों ने कहा है खेती और ग्राम उद्योग के लिये भारत जैसे देश में ५ करोड़ रुपये कर्ज में देने की व्यवस्था समुद्र में बूंद के समान ही कही जा सकती है । हिन्दुस्तान के किसानों की क्या दशा है, वे स्वयं अपनी खेती के लिये जितने अर्थ की जरूरत है उस की क्या व्यवस्था कर सकते हैं और अभी जो कर्ज देने वाली एजेन्सियां हैं वह किस तरह से कार्य कर रही हैं, अगर इस पर विचार किया जाय तो मैं समझता हूं कि शायद हिन्दुस्तान के जितने प्रतिनिधि यहां उपस्थित हैं, सबको अफसोस ही करना पड़ेगा । पहले देहात के अन्दर जो कर्ज लेने देने की व्यवस्था थी, मनी लेन्डर्स थे, लैंड लार्ड्स थे और दूसरी जो एजेन्सियां थीं वह अब करीब करीब मिटती जा रही हैं । कुछ कानून ऐसे बने जो जरूरी कानून थे । कानून बन गये । पर मनी लेंडिंग के सम्बन्ध में विभिन्न राज्यों में जो कठिनाइयां उपस्थित हुई उनके मुकाबले के लिये न तो वहां की सरकार ने कुछ किया और न कुछ केन्द्रीय सरकार ने इस की व्यवस्था की । आज बावजूद इस बात के कि सरकार ग्रो मोर फूड आन्दोलन को आगे बढ़ाने के लिये तकावी के रूप में कुछ रुपया देती है, लेकिन इस रुपये का व्यवहार जैसा खेती की तरक्की के लिये होना चाहिये नहीं होता है । जैसा कि मेरे किसी मित्र ने कहा था, जो भी रुपया, जो भी फाइनेन्स हम खेती की तरक्की के लिये देते हैं उस का व्यवहार खेती के लिये नहीं होता है । जो बड़े बड़े किसान होते हैं वह सरकार से पैसा ले कर के उस को देहातों के अन्दर दूसरे कामों में इस्तेमाल करते हैं ।

इसलिये सभापति महोदय, मैं मंत्री जी से अनुरोध करूंगा कि यह जो बिल है इसको तो हम पास करेंगे ही, लेकिन जो रिजर्व बैंक आफ इंडिया का सर्वे रूरल क्रेडिट के बारे में चल रहा है उस को जल्द से जल्द पूरा किया जाय और जो आंकड़े उस सर्वे से हमको प्राप्त हों उनके आधार पर जल्द से जल्द ऐसी व्यवस्था की जाय कि जिससे हिन्दुस्तान के करोड़ों खेतिहर हैं उनको समय पर सस्ती दर पर, सुभीते के साथ बिना किसी परेशानी के खेती के काम के लिये कर्ज मिल सके । आज रिजर्व बैंक आफ इंडिया की रिपोर्ट से पता चलता है कि वह विभिन्न राज्य सरकारों से इस बात के लिये बातचीत कर रही है कि उनके यहां जो सहकार समितियां काम कर रही हैं उनका काम ठीक से चलता है या नहीं । रिजर्व बैंक के सालाना रिपोर्ट को देखने से यह पता चलता है कि जांच पड़ताल तो बहुत हद तक हो गई है लेकिन अभी राज्य सरकारों के साथ विचार विनिमय पूरा नहीं हो पाया है । इसलिये अभी उस सम्बन्ध में रिजर्व बैंक ने ठीक ठीक कदम नहीं उठाया है । कोआपरेटिव आन्दोलन पर जितना जोर हमारे प्लानिंग कमीशन ने दिया है उतना न तो केन्द्रीय सरकार की तरफ से दिया गया है और न राज्य सरकारों ने उतना जोर इस संगठन को मजबूत करने के लिये दिया है । अभी तक इसको गांव गांव में फैलाने के लिये कोई रास्ता नहीं पकड़ा गया है । यह बात सही है कि केन्द्रीय सरकार और रिजर्व बैंक आफ इंडिया विभिन्न राज्यों को सहकारिता आन्दोलन को बढ़ाने के लिये सहायता देना चाहती है लेकिन जिस धीमी गति से हम कदम उठा रहे हैं उससे हमारा ख्याल है कि हम हिन्दुस्तान जैसे बड़े देश में ६ लाख गांवों में बिखरे हुये करोड़ों किसानों को उनकी खेती के लिये फाइनेन्स का प्रबन्ध नहीं कर पा सकेंगे । इसलिये इस बिल को पास करने के बाद सरकार को चुप बैठ कर नहीं रह जाना

चाहिये और मैं अपने माननीय मंत्री महोदय से यह अनुरोध करूंगा कि जो सर्वे रिजर्व बैंक कर रही है उस को जल्द से जल्द पूरा कराया जाय और उसके बाद देखा जाय कि खेती के प्रबन्ध समुचित और विकास के लिये कितने रुपये की जरूरत है । अभी प्लानिंग कमीशन को इस बात का पता नहीं लग सका है । उनको यह नहीं पता चल सका है कि हिन्दुस्तान जैसे बड़े देश में करोड़ों किसानों को समय पर कम सूद में बिना परेशानी के सहायता देने के लिये कितने रुपये की आवश्यकता है । यह सही है कि इस बिल के ज़रिये प्लानिंग कमीशन ने खेती और ग्रामोद्योगों की तरक्की के लिये पांच करोड़ रुपया रखा है । उसकी रिपोर्ट से पता चलता है कि सन् १९५१–५२ में रिजर्व बैंक ने खेती की तरक्की के लिये १२ करोड़ रुपया देश की विभिन्न कोआपरेटिव बैंकों को दिया था, लेकिन उस रिपोर्ट से यह भी पता चलता है कि इस रुपये के दो तिहाई का उपयोग बम्बई और मद्रास ने किया है और उसके बाद मध्य प्रदेश और यू०. पी० ने उपयोग किया और दूसरे राज्यों में शायद कोआपरेटिव की व्यवस्था ठीक नहीं होगी इसलिये उसका उपयोग वह नहीं कर सके । इतने बड़े देश में रिजर्व बैंक का खेती की तरक्की के लिये १२ करोड़ रुपये का प्रबन्ध करना बहुत ज्यादा नहीं है । मैं इस मौके पर इस बिल का जो रिजर्व बैंक ऐक्ट में संशोधन करने के लिये पेश किया गया है समर्थन करता हूं । लेकिन साथ ही उम्मीद करता हूं कि रिजर्व बैंक जो कि राष्ट्रीय बैंक है हिन्दुस्तान की अर्थ नीति में जो खेती का स्थान है उसको मद्देनजर रखते हुये खेती के लिये अधिक से अधिक रुपया देगी और ऐसा प्रबन्ध करेगी जिससे कि देश में खेती की तरक्की के लिये गांव गांव में बैंकों का ऐसा इन्तजाम हो जाय कि जिससे लोग खेती आसानी से कर सकें ।

Pandit K. C. Sharma (Meerut Distt.—South): Mr. Chairman, Sir, I am rather surprised at the measure before the House. The statement of objects and reasons runs thus: "For some time past there has been a persistent demand for extending the facilities provided by the Reserved Bank of India to meet the needs of rural credit". Now, Sir, this is a very big question. And what is the remedy? Five crores of rupees. And how much circumscribed? Guaranteed by the State Government. And then to whom? To the activities jointly undertaken. That is, if some people combine together, then the Reserve Bank will extend the credit facility provided it is guaranteed by the State Government.

This rural credit problem is a very long and a very old one. It is a story the description of which is an outrage on everything that is noble, everything that is human. Five hundred per cent. was the charge on interest. There were cases when the money-lender took away everything that was produced in the field no sooner than the crop was ready. And with five seers or at the most a maund the poor cultivator with his naked and starving children looked to the mercy of the money-lender. That institution, barbarous as it was, by God's grace has passed away.

But what is the position now? No credit is available. That barbaric institution which was an outrage on everything human, everything decent, everything noble in life had passed away. But there is a vacuum. The bullock price has arisen from Rs. 200 to Rs. 500 or Rs. 1,000. In the month of July when the peasant looks round and the fields await tilling, no money is available. If he goes to the money-lender what the money-lender does is to take double the amount of loan. That is to say, if Rs. 500 is advanced as loan, the note is written for Rs. 1,000. And then all the ornaments, everything available is taken as security. Double the sum in the pro-note and everything as security. And if he fails to give it

[Pandit K. C. Sharma]

the man is sued in a court of law and everything given as security is forfeited. This is a woeful tale.

Now this measure comes as a rescue, to mitigate the difficulty. And it is a funny sort of story. I did not expect this at a time when there is so much talks of planning; there is a very big Plan and a much bigger talk. Only the other day the Planning Minister was talking about it—disjointed parts—and he wanted to create an impression to the outside world that this great country is changing. Even the words were not coherent enough. But this country was changing to the outside world. What a funny picture! With all respect, with all humility I am forced to say that this situation is perfectly demoralising. I am sorry, I am pained at the picture. I say even the words were not coherent enough. Even the picture painted was not an acceptable one. Do you think people are so receptive as to take everything for granted? Human heart is human heart and human intelligence is human intelligence. Hands and feet do not move if the words do not carry conviction. And the picture placed is a perfect piece of foolery. Here is a man getting at a thing here, a thing there, reading a statement, then saying something else and trying to give a picture, which carries no conviction: this is no picture at all. Here is another measure which says, 5 crores, 15 months time: the rural population will get credit and everything will be solved. How could everything be solved, I fail to understand. How far will it carry? Does it meet any need whatever?

An Hon. Member: No.

Pandit K. C. Sharma: I say agriculture was simply a subsistence occupation for ages in this country. A man who could not do anything, will take to the plough and work day and night in the field and carry the burden of his body and soul. Now, it is changing from a subsistence occupation to an industrial enterprise. Is this the help that Government is going to give to this new industrial enterprise? What sort of a fun is it? How is this subsistence occupation, changing into a new industrial enterprise going to be helped by this meagre sum of Rs. 5 crores, and that circumscribed so much; it passes one's imagination. I have heard people say and I can imagine that in the primitive ages, when man was not given to the sophistry of reason and rationality, he will climb up the mountains, take a bamboo stick and ask the sky to bring rains to the hungry earth. But, I could not imagine that after millions of years, a Finance Ministry could bring a measure of this sort and dream of a solution of rural indebtedness. Millions of years have passed after the age when man would jump on the mountains and ask the clouds to come down and give water to the hungry earth. Still, our Finance Minister is here to solve the rural credit problem with a sum of Rs. 5 crores, circumscribed as it is. It is a funny picture. I am very sorry; this sort of a thing is not acceptable to reason and not acceptable to the conditions prevailing in our country.

Kumari Annie Mascarene: (Trivandrum): Mr. Chairman, I am extremely grateful to you for giving me this chance to speak at the fag end of the day.

An Hon. Member: You are entitled to that.

Kumari Annie Mascarene: How often do you get what you are entitled to?

This Bill ought to have come long before. In spite of my trying to pick a hole in this Bill and oppose it I must confess that I have failed and now I am on my feet to support this Bill.

The Finance Minister.—I do not find him here, to whom am I to speak?

The Minister of Home Affairs and States (Dr. Katju): Here am I and I represent him.

Kumari Annie Mascarene: When I put a question belonging to the Finance Minister to the Home Minister, he says it belongs to the Finance Minister. How dare he now listen to my speech on behalf of the Finance Minister?

The manner in which the Finance Minister presented the Bill before this House, wailing and weeping, dry as dust, made me feel that the Reserve Bank is going to be insolvent. Any way, it is a sorry picture that the Bill is not presented to the House with facts and figures, and with that clarity that will make every Member of the House feel that we have a Bill before us, in a very glowing manner.

I welcome this Bill as a necessary step in the re-organisation of agricultural finance as well as consolidating, adjusting and controlling the rural credit in India, which is the very nervous system of the agricultural and industrial life of the nation. The amendments are meant to enable the Reserve Bank of India to provide finances for a wide range of agricultural operations, short term finance for cottage and small scale industries, medium term finance for agricultural development and for periods more than 18 months and not exceeding 5 years. This is a great relief to the peasants and to the industrialists who are really on the verge of bankruptcy, and indebted to money lenders, and it strikes at the very root of our rural economy. Today we deplore the sorry plight of the peasant, the ignorant, illiterate peasant, fettered by the bonds of the money lenders, and also driven to the extent of bankruptcy. Today, we condemn the system of production and distribution which is deteriorating daily. Today, we find fault with the system of co-operative institutions, its inefficiency, and the instability of commercial banks and joint stock companies, want of capital, exorbitant rates of interest, absence of scientific means of cultivation and a thousand other real and existing defects in our agricultural and economic life. I wish to recall to memory that historic institution, that Act which I wish to excavate from the layers of dust in the lumber room of history, that Act of 1793 passed by Lord Cornwallis, condemned by his own countrymen, that Act which rudely dispossessed millions of landholders of their land overnight, and turned them into serfs, that Act which converted a respectable agrarian society of self-sufficient village communities into feudal servitude by a stroke of the pen, that Act which created that unholy trinity of zamindari, ryotwari and mahalwari systems of exploitation and extortion. Today, the dark ages have gone, and days of liberty have dawned and the tender rays of liberty have exposed to the world the infernal machinery of imperial exploitation. Thanks to the redeemers and thanks to that organisation which rules today, they have relieved the millions of landholders from the clutches of imperialism and now the suffering millions are given a relief by these amendments in the Reserve Bank of India Act. Besides the disorganised agricultural finance with all its corrupting features and the insecurity of our rural economy, I wish to invite the attention of Government to the extent of our rural indebtedness as estimated by the Central Banking Enquiry Committee.

The Committee says that the rural indebtedness of India amounts to Rs. 900 Crores—Rs. 500 Crores of long-term debt and Rs. 500 Crores of short-term debt. The total working capital of agricultural and non-agricultural societies amounts to Rs. 80 Crores, the rates of interest varying from 2½ to 10 per cent. Besides this, we have the chronic calamities of flood and famine with distressing results recurring every year, and the present Government have tried their level best to find a remedy by arranging a cricket match, the leader of the team excelling his youthful compatriots with acrobatic feats in the air,

[Kumari Annie Mascarene]

of fielding, but let me tell him that it is no permanent remedy, that it is no permanent solution, that gerrymandering will not solve the problem of unemployment.

I regret to point out that seven years are already gone and the Government had aggravated the situation by involving the nation into lease and lend transactions with foreigners who, with ulterior motives, preached their articles of faith and philosophy of collective security and international welfare with dangerous and infernal weapons high up in their sleeves and with designs of war and exploitation, spread all over the country. The solution I wish to suggest is not the lease and lend transactions with foreigners, but co-operation with the teeming millions of India who are willing to offer their services, who have stood by them during those hectic days of the freedom struggle with glowing thoughts and gleaming eyes, and who are still prepared to stand by this administration with their co-operation and build up the edifice of our rural economy stone by stone. Come down from your pinnacle of power and be one with them: the problem is solved, instead of going abegging to this country and that country for this instrument and that instrument.

Seven years is nothing in the life of a nation. The only country that had profited by a short term is China and that by the magic of their co-operative effort. It is not late for those at the helm of affairs to plan and execute schemes of rural credit, schemes of a system of land tenure and agricultural finance which will lead to an equitable distribution of land, production and cultivation on a scientific basis and a nationalisation and consolidation of our rural credit.

The Amendments have given the Reserve Bank power to develop institutions like the co-operative credit society, the commercial bank, the joint stock company etc. A survey of our rural indebtedness through banking companies showed that a good percentage of our debt had been contracted not for development purposes, but for consumer needs. Co-operative credit institutions with their frozen assets have failed to serve the purpose. Commercial banks have become insolvent and at psychological moments, committees were appointed to look into these matters—and I think that the Gadgil Committee is one of them—and they have suggested concessions, loans and even co-ordination between banks, lower rates of interest, and it is these that had driven the administration to resort to these Amendments. I must say in all fairness to this Government that at least once in their administration they have acted wisely, provided the Finance Minister and his esteemed colleague with a colic temperament, the Minister for Commerce and Industry, will not swindle away the public resources at their command for uneconomic concerns, provided that they will bring those industries which have failed to produce the targets agreed, to book and exonerate themselves. Otherwise, they stand before public justice indicted of gross abuse of their positions.

Now that the Reserve Bank of India is invested with powers of control over small banks, I beg to suggest the consolidation and nationalisation of our banking industry. Banking had been on the increase during the last decade or two, and during the early years of the banking system it was clear that it was nothing but an expression of our innate genius to develop business. Unfortunately, subsequent years showed that the banking institutions, the smaller ones especially, had to fail and then an attempt was made to concentrate and amalgamate the smaller banks to such strength as to withstand the peril. This is a measure that was found to be very paying in England. Experience of amalgamation and consolidation of banks shows that it has an advantage and that the stability of the banking structure is maintained. Therefore, I suggest that the consolidation and amalgamation of the smaller banks be done here too, and if I am not mistaken, the Reserve Bank is in favour of that. The history of English banks shows that amalgamated banks stood the test of time and industry like the Lloyds Bank which is the second commercial bank in England. The same was followed in Germany, Canada and in the U.S.A.

Mr. Chairman: I am sorry to interrupt the hon. Member, but we are not concerned with consolidation of Banks here. I have been hearing the remarks of the hon. Member, but I fail to...

Kumari Annie Mascarene: Being a Bank question, I thought I would put in a suggestion.

Mr. Chairman: I would only request the hon. Member to speak on the provisions of the Bill. It has got nothing to do with consolidation etc. Already she has taken a pretty long time, and there are a good many speakers who desire to speak. I would request her kindly to finish.

Kumari Annie Mascarene: I will finish now. I have finished, Sir. I recommend that the banking system in our country should be so based as to stand the rural credit and the agricultural reorganisation of the country.

Shri K. P. Tripathi (Darrang): Mr. Chairman, Sir, I am thankful to you for having given me a chance to speak on this Bill. I stand to welcome this Bill. I consider this Bill as a very tiny step in the right direction. As has been already described, the attempt to provide rural credit, under this Bill, is a very tiny one. The amount of rural indebtedness, as compaired with the provision made in the Bill, makes the contrast very glaring. But it is a step in the right direction, in this way. Hitherto it was somehow considered that agriculture did not require finance, and since it was subsistance agriculture, it could finance itself. But I would like to point out that whenever there was a crisis in industry, it is the Government which came to its help, but whenever there was a crisis in agriculture, Government did not come to its help. They merely gave doles and relief, and contented themselves with that. With regard to production also, nothing was done by them.

For instance, in 1951, when there was a crisis in the tea industry, there was a great stampede to the Government, and the result was that ultimately Government came forward to guarantee loans to the industry. The guarantee was that if there was loss to the extent of 10 per cent. that 10 per cent. would be borne by Government. But here, what do we find? Government are advancing a loan, subject to the condition that the whole loan must be guaranteed by the State. In other words, Government are not prepared to share any loss. That shows that Government have not realised the chronic nature of this problem. The chronic trouble is that in this country wherever agriculture is going on, it has to depend upon certain unpredictable factors. It is said that after every two good crops, there is one failure crop. If there is profit in the first two crops, it is wiped out in the failure crop. It is this, which is the cause of the chronic problem of rural indebtedness. So, if you provide credit, you have to provide it in such a way that it provides for that gap in his production structure. If you do not do that then you are not considering the problem as a whole.

Take for instance, the case of the United States of America, which is a capitalist country. How did they deal with this problem in 1929, when the crisis came? They dealt with the problem as a whole, and completely. The other day, in the Banking Companies (Amendment) Bill, Government come forward with a provision for liquidation. But it was an incomplete measure. There was no attempt to provide insurance of deposits, whereas in

[Shri K. P. Tripathi]

the United States, there was provision for insurance of deposits. Similarly, in the case of the Industrial Disputes (Amendment) Bill, it did not apply to many of the industries, whereas, if it is to be very effective, it has to apply to all the industries. In this case also, I find that this is a measure which will not apply to the entire agricultural sector of our economy. The amount of benefit which Government are coming forward to give, is very small.

The agriculturist in our country wants these benefits. Firstly, there must be some sort of insurance, so that, when his crops fail, he may not be without any money or returns. Unless and until you provide for some sort of insurance, you will see that the purchasing power wil fall, and a lot of uncertainty will be introduced in the market.

Secondly, there is the question of fluctuations in market. For that also, you have to provide some protection. But you have not done that. In the U.S.A., they have provided this protection, by means of the price support programme. Unless and until you have such a programme, you cannot finance the agriculturists in the proper way. It is very necessary that you should have some sort of crop payment system. Otherwise, the agriculturists will not be in a position to pay back. Unless you provide for some sort of crop payment, you will not be in a position to provide rural credit for the agriculturist.

Thirdly, in the United States, I found that even for people, who were declared as unfit for being given any credit by the banks, there was an institution by Government through which, credit was given to him. As soon as there was application for credit facilities, the Government Extension Services went and found out what were his requirements, how much he needed, and how much he would be able to pay back, and on this basis, credit was available to him. So, if the banks refuse to finance him, Government come to his help. Secondly, even when the bank comes forward to give advances, there is still the possibility of a loss. In that case, there is the insurance which protects him.

In this way, if you take a comprehensive view of the problem, and then make sufficient provision to meet the needs of the agriculturists, it will be possible for you to give adequate protection to the agricultural industry. Agriculture is a very paying industry. The other day, I was reading a report of the United Nations, wherein it was stated that for every five rupees invested in agriculture, you get back one rupee, whereas in the case of other industries, for every twelve rupees that you invest in them, you get back only one rupee. Therefore agriculture is a lucrative investment. It is because you have not invested in agriculture, that you have always been finding that the purchasing power is unpredictable in the country. How can there be any plan, and how can the country's economy be resuscitated, if you do not protect the purchasing power of the people?

The purchasing power can be protected, by giving a guarantee. In the industrial sector, you find that every current expenditure is being financed by bank loans, whereas in the agricultural sector, there is no such thing. Why cannot the agricultural sector be financed likewise? In the United States, the entire recurring expenditure is borne out of bank loans, in the agricultural sector too. It is very necessary that you should take a comprehensive view of the requirements of the agricultural sector as a whole. Unless and until you do that, you will never know what the purchasing power of your people will be. If that is not done, you will not be able to see that the industries that you set up will succeed. It is necessary to link the one with the other, and to begin at the bottom. The bottom beginning is the best beginning, and there is no beginning without that. If the bottom be open nothing can be contained inside. Therefore the bottom, *viz* the purchasing power of the agricultural sector will have to be protected, and for that purpose, you require a credit policy. In the entire country, you have to map out the credit gaps, and then fill them up. So far, you have not done that. The result is that even in the middle of the Five Year Plan, every year, you are coming forward saying that there is a crisis, because the purchasing power has fallen and so on, and that is why there is unemployment etc. If you provide a certain type of industrial structure, but find suddenly that there is no purchasing power with the villagers, nothing can be sold, and therefore the whole economy founders. If the economy of the country is to be resuscitated and built up, it cannot be done in this way.

I find there is very little time before me, and I know that the Chair is very much exercised about it. So I would not take much time, but I shall confine myself to requesting Government, with all the intensity at my command, to take a comprehensive view of our economy and make provisions in their entirety. This sort of tinkering with the problem in a piecemeal manner, will not solve the problem at all. It will remain so much of an experimental measure only. Why should there be an experimental measure in the year 1953, when you know from experience all the world over, that the credit policy of a nation has to be such and such, and that it should be comprehensive enough to provide for every gap?

Within the few moments at my disposal, I would request Government to consider this problem in a comprehensive manner, and make complete credit facilities available for the entire agricultural sector, in much the same way, as has been done for the industrial sector.

Mr. Chairman: The hon. Minister.

Shri Joachim Alva (Kanara): Sir, I want to oppose the Bill. I have some very important things to say. Please give me five minutes. I want to put before the House things, which no hon. Member has said so far.

Mr. Chairman: I know every hon. Member has something important to put before the House.

Shri Joachim Alva: I am opposing this Bill...

Mr. Chairman: The hon. Member may be opposing, but still I cannot call every hon. Member at his sweet will...

Shri Joachim Alva: The provision regarding demonetisation...

Mr. Chairman: I do not want to enter into a discussion. The Bill has been discussed at length. Now I am calling the hon. Minister.

Shri Bogawat (Ahmednagar South): Can I have the five minutes I had asked for?

Shri Joachim Alva: I find that the view that has been expressed regarding both the provisions in the Bill are wrong. This is an incomplete Bill. The country is....

Mr. Chairman: Order, order. I know that the hon. Member will speak relevant, and will speak against or for the Bill. But the difficulty is that I cannot call every hon. Member.

Shri Joachim Alva: If other hon. Members have been given 30 minutes, I can certainly be given five minutes.

Mr. Chairman: I have no doubt that the hon. Member is very competent, but his competence is not in question here.

Shri Joachim Alva: It is very rarely....

Mr. Chairman: Order, order. The only point is that I cannot call every Member who wants to speak. That is the difficulty. After all, I propose to finish this Bill today. Therefore, I am very sorry. I really want to give time to every Member, but the difficulty is that I cannot give time to all of them.

Shri Bogawat *rose*—

Shri Joachim Alva: I still humbly submit to you that Members have spoken for half an hour, 25 minutes and 35 minutes, and I shall put all my arguments in ten minutes and things which have not been said by others. I am opposing the Bill. I rarely oppose a Bill.

Mr. Chairman: If he wants to oppose, he can oppose it in the third reading.

Shri B. Das: You can speak on the clauses.

Shri A. C. Guha: Sir, I think the Bill, as a whole, has received a favourable response from the Members of the House. Most of the Members, or I can say all the Members, who have so far spoken have supported this Bill, but at the same time, most of the Members have got some points which they like to press before this House and before the Government.

Sir, first I think I should deal with some points regarding the Imperial Bank. The reference in the Bill under discussion now to the Imperial Bank is only of a very indirect nature. I am afraid, Sir, the Members have not been able to realise the implication of the amending clause which has some reference to the Imperial Bank. It is not that we are going to give some special privilege to the Imperial Bank...

Shri Joachim Alva: You always have.

Shri A. C. Guha: ... as some Members have imputed. What we are doing here is that any loan taken by the scheduled banks from the Imperial Bank should be exempted from the obligation of the scheduled banks to keep 5 per cent of their loan as invested with the Reserve Bank of India. So we are not giving any special privilege or a new favour to the Imperial Bank.

Sir, though it may not be quite relevant to the Bill now under discussion, Members have said many things about the Imperial Bank. I think I should try to dispel some of their misgivings. Sir, the main arguments in favour of nationalising the Imperial Bank were three: (a) Most of the personnel in higher ranks of the Imperial Bank were a few years ago non-Indians; (b) In regard to advances, there was discrimination in favour of European companies, and (c) the Bank derived unfair advantages over other banks in regard to facilities for transfer of funds to currency chests and remittances of notes through treasuries and branches of the bank. As regards (a), *viz.*, the nationality of the senior staff of the Imperial bank, I have on previous occasions stated in this House and I am again giving the present position—the staff comparison is between 1946 and 1952. In 1946, the senior staff officers were 15 Europeans and 1 Indian. Now, the position is: 11 Europeans and 12 Indians. Then, as regards Assistant Inspectors, in 1946, there was 1 European and 1 Indian; now the position is: no European and 1 Indian. In respect of officers (1st grade), in 1946 there were 23 Europeans and 1 Indian; at present 13 Europeans and 10 Indians. Similarly, Sir, in total there were 101 Europeans in senior grade in 1946 and their number now is 29; and there were only 73 Indians in 1946 and the present position is that their number is 120.

Then, Sir, as regards (b), there is a weekly meeting of the Imperial Bank and there all these applications for advances are considered. A representative of the Government of India, Shri A. D. Gorwala, now attends the weekly meetings of the bank and he is satisfied that at present there is no discrimination whatsoever against Indian companies. On the third point, about some special facilities so long enjoyed by the Imperial Bank over other scheduled banks as regards transfer of funds etc., that point also was considered by the Rural Banking Inquiry Committee and it was satisfied that now the other banks also have the same facilities.

Then certain Members have mentioned something about the Imperial Bank not doing anything as regards rural credit. I think the Rural Banking Inquiry Committee made certain recommendations and the Reserve Bank have asked the Imperial Bank to implement some of these recommendations. They have opened 34 new branches during the last two years and they are going to open some more branches, and these branches are expected to do something in the realm of rural credit.

Shri K. K. Basu: Have they given any loan or advance to any co-operative society?

Shri B. Das: You are asking the tiger—the exploiter—to look after the sheep!

Shri A. C. Guha: Then, as regards the position of share capital, I think about 70 per cent.—I may not be quite accurate—the overwhelming majority is now in the hands of Indians. (Interruption by Shri K. K. Basu). In the Board also, Indians form the majority and the Managing Director of the Imperial Bank is also an Indian now. So for all practical purposes, the Imperial Bank is almost a nationalised institution.... (*Interruptions*)...in the sense, not as a Government institution.....

Shri Joachim Alva: Bogus.

Shri A. C. Guha: ... but its control being entirely in the hands of Indians.

Shri B. Das: May I just ask the hon. Minister if the Finance Ministry has accepted the Rural Banking Inquiry Committee's recommendations?

Shri A. C. Guha: I have already referred to that Inquiry Committee Report.

Shri B. Das: You have accepted that the Imperial Bank should be the State-sponsored concern? Four years ago, the mandate of the House was that....

Shri A. C. Guha: It is not a State bank, but its management is now mostly in the hands of Indians.

Shri K. P. Tripathi: That is not enough.

Shri A. C. Guha: Mr. Das and, I think, Mr. Basu also have referred to certain other things. I do not know where they have found that authority for such an allegation, that by this Bill we are placing the Governor of the Reserve Bank on the same position and enjoying the same power as the Central Board. Sir, we are not doing anything of this sort by this Bill. What we are doing is this. In Section 8(3), there is a provision whereby the Governor, if he is absent, can authorise one of the Deputy Governors to attend the meetings of the Reserve Bank and give his vote. Now, the word 'absent' has a very restricted meaning. So we are simply providing that when the Governor is, for any reason, unable to attend any such meeting, a Deputy Governor authorised by him in this behalf in writing may vote for him at that meeting. So we are not doing anything...

Shri K. K. Basu: We have referred to clause 8 of the amending Bill—section 58 of the present Act.

6 P.M.

Shri A. C. Guha: There also the word 'Governor' shall be omitted. In this Bill we are not going to place

[Shri A. C. Guha.]

the Governor on the same footing as the Central Board.

I think most of the other grievances have been about the paucity of funds for rural credit. Sir, by this Bill we are placing 5 crores for medium term loans for agricultural purposes. Most Members had used indignant words about this paltry sum of Rs. 5 crores. But, I should like to draw their attention to one factor, namely, the funds available with the Reserve Bank. The Reserve Bank has got in all only Rs. 10 crores to be given on loans other than short term loans. That means the amount available with the Reserve Bank as capital and reserve fund is only Rs. 10 crores. Out of that Rs. 10 crores, Rs. 5 crores are being ear-marked for medium-term credit for agricultural purposes. Besides this, there are other obligations of the Reserve Bank. We are placing a certain amount also for the State Finance Corporations, for Warehousing Development Board, for Central Land Mortgage Banks etc. So, it is not possible for the Reserve Bank, considering the funds available with them, to give any further amount for middle term credit for agricultural purposes.

Sir, Members might have the impression that the Reserve Bank being the bank of the Government of India or the Reserve Bank being the note-issuing authority, they might print some crores of notes and give credit for agricultural purposes. I am afraid, that it would not be a correct estimate of the Reserve Bank's functions and responsibilities. I may agree with them that these Rs. 5 crores may not be quite adequate for the purpose. There also, I should like to remind them that this is not the only amount the Reserve Bank is going to give for agricultural purposes. Besides this, under section 17(4), the Reserve Bank has already given about Rs. 12 crores to the different State Co-operative Banks for seasonal agricultural operations. Then, Land Mortgage Banks also have received a little over half-a-crore of rupees from the Reserve Bank. Then there are other forms of agricultural loans. The Members cannot expect the Reserve Bank to be the only machinery for financing the agricultural operations of India.

Sir, some time ago, I had to reply to a debate in the other House regarding the Agricultural Finance Corporation. That proposal also is for the consideration of the Government. Moreover, the Members know that just at present the Reserve Bank is having an enquiry into the agricultural credit system and the method of doing that. As soon as the report is received, the Reserve Bank, and I think the Central Government, will formulate their policy as regards agricultural credit as a whole. But if the hon. Members have thought that the purpose of the Reserve Bank is to finance the entire agricultural credit of the country, then I am afraid that they must have a very wrong conception of the responsibilities and potentialities of the Reserve Bank.

Certain Members also raised the question of Land Mortgage Banks. Though not quite relevant, I think I should mention here that there are now 286 primary Land Mortgage Banks with over 2 lakh membership and they have got about 7 crores of rupees as capital. The Central Land Mortgage Banks numbering 7 have also got almost an equivalent amount of capital and 6·74 crores as debentures. Whenever the Central Land Mortgage Banks open any debentures, the Reserve Bank usually purchases 20 per cent. of the debentures and thereby the Reserve Bank has given assistance to the extent of 54 lakhs to the Central Land Mortgage Banks.

Shri S. S. More (Sholapur): What is the total advanced by the different Land Mortgage Banks to the different cultivators?

Shri A. C. Guha: That is not available with me.

Shri S. S. More: That is relevant.

Shri A. C. Guha: The money with the Land Mortgage Banks must be given to the tenants; otherwise what is the purpose of keeping money with them?

Shri S. S. More: I am not here to explain the purpose; that is not the fact.

Shri B. Das: You exercise control over such State Banks.

Shri A. C. Guha: Mr. Gandhi and some other Members have raised the question of security and the machinery for operating these things. Sir, in the Bill itself, it is mentioned that for cottage and small-scale industries, the machinery would be the State Co-operative Banks and as far as the security is concerned, the Bills of Exchange etc. shall be guaranteed by the State Government. I think in the Bill also it has been mentioned that these are to be finally approved by the Reserve Bank and so there may not be just now any finality in this matter. Now, this will be considered later on when these are put into operation and the Reserve Bank will have the proper security.

Then, certain things have been said about the State guarantee. Sir, State guarantee is only for the medium-term loans. It is not possible for the Reserve Bank or for any central organisation to have supervision all over the country and see how the medium-term loans are being operated. So, it is felt necessary that the State Government should guarantee because the State Government is the machinery that supervises the activities of the Co-operative Banks and the Co-operative Banks function under the State Governments. It may be stated here, Sir, that co-operation is a State subject and not a Central subject. But even then the Reserve Bank has taken upon itself some responsibility of supervising the activities of the Co-operative Banks and I think the Reserve Bank will thereby exercise some control and authority over the activities of the Co-operative Banks. As regards the rate of interest that the co-operative banks charge from the primary tenants when giving them loans, it was mentioned here today and several times on previous occasions also that the co-operative banks charge an unusually high rate of interest from the primary tenants. That is why the Reserve Bank has now taken upon itself the task of having some sort of supervision over the activities of the co-operative banks. I hope that difficulty also would, to a certain extent, be obviated.

Shri S. N. Das has mentioned that out of Rs. 12 crores advanced by the Reserve Bank to co-operative banks for agricultural purposes, most of the loans have been taken by Madras, Bombay and two other States. That is no fault either of the Reserve Bank or of the three or four State Governments which can get the advantage more than other State Governments. That is simply due to the fact that in most of the other States the co-operative movement is not properly organised and it is the responsibility of the State Government to organise the co-operative movement. If the State Government has not been able to do that and if there has not been proper co-operative movement in the State, that is no fault of the Reserve Bank.

Shri Mohiuddin Ahmed has mentioned about the Shroff Committee. I think he is right that the Shroff Committee will consider the question of financing industrial organisations in India through banking organisations. At present, the position is not very satisfactory, and that is why the Reserve Bank has started this enquiry.

[Shri A. C. Guha]

I think this reference to the Shroff Committee will go to prove that the Reserve Bank is not ignorant about the necessities either in the agricultural field or in the industrial field.

Shri Tripathi has mentioned something about the U.S.A. and has drawn a comparison between what has been done in the United States and in India, and he has suggested that there should be crop insurance in India. I would like to remind him that agriculture in India is not at all on the same footing as agriculture in the United States. Agriculture there means big farming and here it means small tenements—sometimes one acre and sometimes two acres and the average is two to three acres—and so it is not possible to have the same measure here as in the United States.

As for high denomination notes, I think Shri Chatterjee has said that I have tried to over-simplify the provision here. Not at all. Out of the Rs. 138 crores of high denominational notes, almost all have come back to the Reserve Bank and they have been cancelled; only Rs. 1·25 crores of high denomination notes have not come and some of these may have been eaten by white ants and some may be in hiding. By this Bill, even while we are providing for the issue of new high denomination notes, we are not repealing the ordinance which demonetized high denomination notes in 1946. The notes issued prior to the passing of this Bill will still continue to be demonetized and will not be legal tender. There need not be any fear in the minds of hon. Members that those old notes are being made legal tender and will come back to swell the black-marketeers' pockets. I don't think there should be any apprehension on that account. It is only the new notes to be issued after the passing of this Bill that will be legal tender and that will have the authority of the Reserve Bank. Though some Members have admitted the necessity of the issue of the high denomination notes, others have almost said something baneful about it. As I have said before, most of the business organisations, chambers of commerce and banking associations have been repeatedly asking Government for high denomination notes and these new notes to be issued after the passing of this Bill will be legal tender—not the old notes which were demonetized by the 1946 ordinance.

I hope I have covered all the points mentioned by hon. Members and I hope the House will be pleased to pass the Bill.

Mr. Chairman: The question is:

"That the Bill further to amend the Reserve Bank of India Act, 1934 and to make special provisions in respect of certain high denomination bank notes, be taken into consideration."

The motion was adopted.

Clause 2.— (*Amendment of section 8, Act II of 1934*)

Mr. Chairman: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3.— (*Amendment of section 17, Act II of 1934*)

Shri A. C. Guha: I have two amendments to clause 3. I beg to move:

(1) In page 2, line 16, after "advances" insert "for agricultural purposes".

(2) In page 2, for lines 31 to 39, substitute:

"(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government of any maturity or against bonds and debentures issued by the said Corporation and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date of such loan or advance:"

Mr. Chairman: Amendments moved:

(1) In page 2, line 16, after "advances" insert "for agricultural purposes".

(2) In page 2, for lines 31 to 39, substitute:

"(a) repayable on demand or on the expiry of fixed periods not exceeding ninety days from the date of such loan or advance, against securities of the Central Government or of any State Government; or

(b) repayable on the expiry of fixed periods not exceeding eighteen months from the date of such loan or advance, against securities of the Central Government of any maturity or against bonds and debentures issued by the said Corporation and guaranteed by the Central Government and maturing within a period not exceeding eighteen months from the date of such loan or advance:"

Shri Joachim Alva: Before you proceed further, may I ask one question, Sir? As this Bill is a very important Bill, I wish to know why the Finance Minister is not present in the House with his unrivalled knowledge and experience of the working of the Reserve Bank of India. Of course I have great respect for the Deputy Finance Minister who has been in the prison yards of the world, including South-East Asia.

Mr. Chairman: It was not necessary for the Finance Minister to have been present.

Shri S. S. More: Is it not a slur on the Deputy Finance Minister, Sir?

Mr. Chairman: Order, order.

Shri A. C. Guha: I have moved my two amendments, Sir. I would like to say only one word in this connection. Shri Basu had an apprehension that we are deleting the proviso—

> "Provided that the amount of loans and advances granted under clause (b) shall not at any time exceed three crores of rupees in the aggregate."

We are not doing that. The wording of the original Bill was not quite clear—"against securities of the Central Government or of any State Government repayable on demand..." "Repayable" may refer to anything and that is why the new wording is put in order that there may be no ambiguity about the meaning.

Shri K. K. Basu: So, that proviso stands?

Shri A. C. Guha: Yes.

Shri V. B. Gandhi: I beg to move:

(i) In page 2, line 27, after "aggregate" add:

> "and that it shall not be utilised for other than agricultural purposes."

*(ii) In the amendment moved by Shri Arun Chandra Guha printed as No. (2) in sub-section (b), omit "and guaranteed by the Central Government and".

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*Deemed to have been negatived in view of the adoption of the main amendment.

[Shri V. B. Gandhi]

Sir, here in, clause 3(c), we contemplate the provision of loans and advances to state co-operative societies to an extent of Rs. 5 crores. But what is more important is that these loans are going to be for periods extending from 15 months to five years. Now, my amendment would only—I think it is by way of a very sensible precaution—enable to remind the co-operative societies that after all these large sums which are being advanced to them for fairly long periods are to be used not for any other purpose but for the purpose for which those loans are intended, that is, for agricultural purposes. I do sincerely hope, Sir, that the Government will find it possible to accept this amendment.

Then about the next amendment. The words "and guranteed by the Central Government and" seems to me to be superfluous because in section 21 of the Industrial Finance Corporation Act, it is clearly stated that "bonds and debentures of the Corporation shall be guaranteed by the Central Government as to the repayment of principal and the payment of interest at such rates," etc. So, the industrial finance corporation is not free or authorized to issue any bonds and debentures which do not have the guarantee of the Central Government.

Mr. Chairman: Amendment moved:

In page 2, line 27, after "aggregate" add:

> "and that it shall not be utilised for other than agricultural purposes."

Shri N. B. Chowdhury (Ghatal): I beg to move:

In page 2, line 27, for "five" substitute "twenty-five".

I wanted to speak on this at length but now that I have to speak on the clauses, I have to confine myself to a few minutes. Sir, it has been said in the statement of objects and reasons that the main purpose of the Bill is to extend credit facilities. The point has already been criticised, and anybody who knows the number of rural people in this country, the number of peasant families and the percentage of the peasant population that requires agricultural loans, would surely feel how meagre this amount is. Sir, it really appears to be a drop in the desert. We know that if only three crores of peasants require agricultural credit, a year, then it will require many crores of rupees —maybe more than 100 crores of rupees, even if you give at the rate of Rs. 35 per peasant. Sir, it has been observed that the Indian peasants in general are born in debt, they live in debt and die in debt. This is a well known saying. There is no need to deal at length on this point, but when we see that in the five year plan they have not provided much for industrialization of the country, at least one thing they have said, that is, they will do all they can to develop agriculture during the period of the plan. Is this the way to develop agriculture during this period? Already half the period of the Five Year Plan has passed. Now, in the course of the next two years, how much are we going to do by this means? It has been said that it is not the only means by which we are providing credit facilities. There are other agencies and State Governments are also providing something by way or rural credit to the village peasants. But we know from the operation of these agencies in different States that the amount which they provide for this purpose is very, very meagre. From my experience of a State—West Bengal—I know the mechanism of the distribution of agricultural credit. Here, reference has been made to the state co-operative banks and many hon. Members wanted to know about the machinery through which the Government are going to control the collection and distribution of the amount. So far as I know, in West Bengal, the mechanism is this: so far as the seasonal loans to which the hon. Minister has referred, the mechanism is that they ask the members of the rural co-operative credit societies to mortgage their land. They have to register their land with the central co-operative bank. Then there is the State Co-operative Bank, and we know that the rate of interest which the peasants have to pay to the primary credit societies is much higher than the rate at which even certain State Governments provide loans. The rural people require the loan for different purposes—cattle purchase, general agricultural operations, etc., and at least 50 per cent. of the cultivators cannot continue their agricultural work without some sort of credit facilities. This is the position. The Government are going to provide only a paltry amount of Rs. 5 crores as loan. It has been stated here that this will serve not only the purpose of ordinary agricultural loan. Here, the definition has been extended and it would include animal husbandry, and all sorts of things—processing, ginning, etc., If it is so, then how much of this amount will go to the ordinary peasants, such as share croppers, small tenants, etc., to whom the hon. Minister has referred? We really think that when the Government is providing only such a small amount, then, they are not genuinely eager to help the vast agricultural people in this country. All their talk of extending facilities to the rural people is simply shedding crocodile tears, so to say. Otherwise, what is their idea? The States Industrial Finance Corporation and the Central Industrial Finance Corporation have to undertake all the responsibility to provide securities for the investments in certain firms. What is the security that the States provide in cases of loans and grants to these state co-operative banks? The State Co-operative Banks ask the State Governments to make arrangements for this, and the State Governments ask their executive officers in the localities to as the peasants to register their land, so that they may get a certain amount of loan. So, in this way, the peasants have to mortgage their land. They have done it during the last two years. We have seen that they have done it by registered deed, they have mortgaged their land with the central co-operative banks and it is only after such registration has been made that they are allowed to have a loan of say Rs. 100 or Rs. 150. But even then, they must be agreeable to certain conditions, such as, no transfer of these lands during a particular period, and there are other difficulties. Here, it has been said that they will have to pay back the amount within 15 months to five years. That is the longest period. In the case of the seasonal loan to which the hon. Minister has referred, the peasants suffer a great deal. The peasants who apply for loans want to get it in time so that they may be able to undertake the cultivation work in time. But the working of this bank and the co-operative societies and of the Government take much time. The result is that the peasants have to take money when the agricultural season had already started, and they have to. .

Mr. Chairman: The hon. Member is transgressing the limits of relevancy. He is speaking about the methods of advancing loans by co-operative societies. We are only concerned with Rs. 25 crores instead of Rs. 5 crores. That is the only question. The hon. Member must address himself to this question.

Shri S. S. More: In order to strengthen his argument.

Mr. Chairman: The hon. Member does not need an advocate.

Amendment moved:

In page 2, line 27, for "five" substitute "twenty-five".

Some Hon. Members: It is now half past six; let us adjourn.

Mr. Chairman: Let us finish this clause.

Shri S. S. More: Some of us would like to speak on this clause.

Mr. Chairman: During the Third Reading every Member can have an opportunity to speak.

Shri S. S. More: I want to make certain specific references in connection with this clause, particularly the provision of Rs. 5 crores.

Mr. Chairman: This point was repeatedly made during the general discussion and the hon. Deputy Minister has also replied to this aspect of the case. The arguments will practically be the same.

Shri S. S. More: With due deference to you, you are anticipating my arguments. I should like to cover some new ground.

Mr. Chairman: This new ground could be covered during the Third Reading also.

Shri S. S. More: But, unfortunately, we fail to catch the eye of the Chair.

Shri N. B. Chowdhury: My point in asking for more money is to indicate that the amount provided here is hopelessly inadequate. I have asked for only Rs. 25 crores. When the rural indebtedness exceeds Rs. 900 crores, this provision of Rs. 25 crores is a drop in the ocean. Hon. Members from all sides of the House have emphasised this aspect of the question. As a matter of fact the only important thing in this Bill is the provision for rural credit. So, my amendment deserves careful consideration on the part of the hon. Deputy Minister and I hope he will see his way to accept it.

Shri S. S. More *rose*—

Mr. Chairman: It is now past six thirty; there is no quorum also.

Shri S. S. More: Can I have a chance tomorrow, then?

Mr. Chairman: The hon. Member can try to catch the eye of the Chair.

Shri S. S. More: Are we adjourning for want of quorum, or want of time?

Mr. Chairman: How can we proceed when there is no quorum in the House? The House stands adjourned till 1-30 P.M. tomorrow.

The House then adjourned till Half Past One of the Clock on Tuesday, the 8th December, 1953.